

# House File 2475 - Introduced

HOUSE FILE 2475

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 676)

## A BILL FOR

1 An Act relating to taxation and local government budgets  
2 by providing for an increase in the amount of the earned  
3 income tax credit, establishing and modifying property  
4 assessment limitations, providing for certain property tax  
5 replacement payments, modifying the assessment and taxation  
6 of telecommunications company property, establishing budget  
7 limitations for counties and cities, modifying certain  
8 reporting requirements, establishing a property tax credit  
9 for certain commercial, industrial, and railway property,  
10 establishing a multiresidential property classification,  
11 providing penalties, making appropriations, and including  
12 effective date, retroactive applicability, and other  
13 applicability provisions.  
14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I

2 EARNED INCOME TAX CREDIT

3 Section 1. Section 422.12B, subsection 1, Code 2011, is  
4 amended to read as follows:

5 1. The taxes imposed under this division less the credits  
6 allowed under section 422.12 shall be reduced by an earned  
7 income credit equal to ~~seven~~ ten percent of the federal earned  
8 income credit provided in section 32 of the Internal Revenue  
9 Code. Any credit in excess of the tax liability is refundable.

10 Sec. 2. RETROACTIVE APPLICABILITY. This division of this  
11 Act applies retroactively to January 1, 2012, for tax years  
12 beginning on or after that date.

13 DIVISION II

14 PROPERTY TAX ASSESSMENT LIMITATIONS — PROPERTY TAX REPLACEMENT

15 Sec. 3. Section 257.3, subsection 1, Code 2011, is amended  
16 by adding the following new paragraph:

17 NEW PARAGRAPH. *d.* The amount paid to each school district  
18 for the commercial and industrial property tax replacement  
19 claim under section 441.21A shall be regarded as property tax.  
20 The portion of the payment which is foundation property tax  
21 shall be determined by applying the foundation property tax  
22 rate to the amount computed under section 441.21A, subsection  
23 4, paragraph "a", and such amount shall be prorated pursuant to  
24 section 441.21A, subsection 2, if applicable.

25 Sec. 4. Section 331.512, Code 2011, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 13A. Carry out duties relating to the  
28 calculation and payment of commercial and industrial property  
29 tax replacement claims under section 441.21A.

30 Sec. 5. Section 331.559, Code 2011, is amended by adding the  
31 following new subsection:

32 NEW SUBSECTION. 25A. Carry out duties relating to the  
33 calculation and payment of commercial and industrial property  
34 tax replacement claims under section 441.21A.

35 Sec. 6. Section 441.21, subsection 4, Code Supplement 2011,

1 is amended to read as follows:

2     4. For valuations established as of January 1, 1979,  
3 the percentage of actual value at which agricultural and  
4 residential property shall be assessed shall be the quotient  
5 of the dividend and divisor as defined in this section. The  
6 dividend for each class of property shall be the dividend  
7 as determined for each class of property for valuations  
8 established as of January 1, 1978, adjusted by the product  
9 obtained by multiplying the percentage determined for that  
10 year by the amount of any additions or deletions to actual  
11 value, excluding those resulting from the revaluation of  
12 existing properties, as reported by the assessors on the  
13 abstracts of assessment for 1978, plus six percent of the  
14 amount so determined. However, if the difference between the  
15 dividend so determined for either class of property and the  
16 dividend for that class of property for valuations established  
17 as of January 1, 1978, adjusted by the product obtained by  
18 multiplying the percentage determined for that year by the  
19 amount of any additions or deletions to actual value, excluding  
20 those resulting from the revaluation of existing properties,  
21 as reported by the assessors on the abstracts of assessment  
22 for 1978, is less than six percent, the 1979 dividend for the  
23 other class of property shall be the dividend as determined for  
24 that class of property for valuations established as of January  
25 1, 1978, adjusted by the product obtained by multiplying  
26 the percentage determined for that year by the amount of  
27 any additions or deletions to actual value, excluding those  
28 resulting from the revaluation of existing properties, as  
29 reported by the assessors on the abstracts of assessment for  
30 1978, plus a percentage of the amount so determined which is  
31 equal to the percentage by which the dividend as determined  
32 for the other class of property for valuations established  
33 as of January 1, 1978, adjusted by the product obtained by  
34 multiplying the percentage determined for that year by the  
35 amount of any additions or deletions to actual value, excluding

1 those resulting from the revaluation of existing properties,  
2 as reported by the assessors on the abstracts of assessment  
3 for 1978, is increased in arriving at the 1979 dividend for  
4 the other class of property. The divisor for each class of  
5 property shall be the total actual value of all such property  
6 in the state in the preceding year, as reported by the  
7 assessors on the abstracts of assessment submitted for 1978,  
8 plus the amount of value added to said total actual value by  
9 the revaluation of existing properties in 1979 as equalized  
10 by the director of revenue pursuant to section 441.49. The  
11 director shall utilize information reported on abstracts of  
12 assessment submitted pursuant to section 441.45 in determining  
13 such percentage. For valuations established as of January 1,  
14 1980, and each assessment year thereafter beginning before  
15 January 1, 2013, the percentage of actual value as equalized  
16 by the director of revenue as provided in section 441.49 at  
17 which agricultural and residential property shall be assessed  
18 shall be calculated in accordance with the methods provided  
19 herein including the limitation of increases in agricultural  
20 and residential assessed values to the percentage increase of  
21 the other class of property if the other class increases less  
22 than the allowable limit adjusted to include the applicable  
23 and current values as equalized by the director of revenue,  
24 except that any references to six percent in this subsection  
25 shall be four percent. For valuations established as of  
26 January 1, 2013, and each assessment year thereafter, the  
27 percentage of actual value as equalized by the director of  
28 revenue as provided in section 441.49 at which agricultural  
29 and residential property shall be assessed shall be calculated  
30 in accordance with the methods provided herein including  
31 the limitation of increases in agricultural and residential  
32 assessed values to the percentage increase of the other  
33 class of property if the other class increases less than the  
34 allowable limit adjusted to include the applicable and current  
35 values as equalized by the director of revenue, except that any

1 references to six percent in this subsection shall be three  
2 percent.

3     Sec. 7. Section 441.21, subsection 5, Code Supplement 2011,  
4 is amended to read as follows:

5     5. a. ~~For valuations established as of January 1, 1979,~~  
6 ~~commercial property and industrial property, excluding~~  
7 ~~properties referred to in section 427A.1, subsection 8, shall~~  
8 ~~be assessed as a percentage of the actual value of each class~~  
9 ~~of property. The percentage shall be determined for each~~  
10 ~~class of property by the director of revenue for the state in~~  
11 ~~accordance with the provisions of this section. For valuations~~  
12 ~~established as of January 1, 1979, the percentage shall be~~  
13 ~~the quotient of the dividend and divisor as defined in this~~  
14 ~~section. The dividend for each class of property shall be the~~  
15 ~~total actual valuation for each class of property established~~  
16 ~~for 1978, plus six percent of the amount so determined. The~~  
17 ~~divisor for each class of property shall be the valuation~~  
18 ~~for each class of property established for 1978, as reported~~  
19 ~~by the assessors on the abstracts of assessment for 1978,~~  
20 ~~plus the amount of value added to the total actual value by~~  
21 ~~the revaluation of existing properties in 1979 as equalized~~  
22 ~~by the director of revenue pursuant to section 441.49. For~~  
23 ~~valuations established as of January 1, 1979, property valued~~  
24 ~~by the department of revenue pursuant to chapters 428, 433,~~  
25 ~~437, and 438 shall be considered as one class of property and~~  
26 ~~shall be assessed as a percentage of its actual value. The~~  
27 ~~percentage shall be determined by the director of revenue in~~  
28 ~~accordance with the provisions of this section. For valuations~~  
29 ~~established as of January 1, 1979, the percentage shall be~~  
30 ~~the quotient of the dividend and divisor as defined in this~~  
31 ~~section. The dividend shall be the total actual valuation~~  
32 ~~established for 1978 by the department of revenue, plus ten~~  
33 ~~percent of the amount so determined. The divisor for property~~  
34 ~~valued by the department of revenue pursuant to chapters 428,~~  
35 ~~433, 437, and 438 shall be the valuation established for 1978,~~

1 plus the amount of value added to the total actual value by  
2 the revaluation of the property by the department of revenue  
3 as of January 1, 1979. ~~For valuations established as of~~  
4 ~~January 1, 1980, commercial property and industrial property,~~  
5 ~~excluding properties referred to in section 427A.1, subsection~~  
6 ~~8, shall be assessed at a percentage of the actual value of~~  
7 ~~each class of property. The percentage shall be determined~~  
8 ~~for each class of property by the director of revenue for the~~  
9 ~~state in accordance with the provisions of this section. For~~  
10 ~~valuations established as of January 1, 1980, the percentage~~  
11 ~~shall be the quotient of the dividend and divisor as defined in~~  
12 ~~this section. The dividend for each class of property shall~~  
13 ~~be the dividend as determined for each class of property for~~  
14 ~~valuations established as of January 1, 1979, adjusted by the~~  
15 ~~product obtained by multiplying the percentage determined~~  
16 ~~for that year by the amount of any additions or deletions to~~  
17 ~~actual value, excluding those resulting from the revaluation~~  
18 ~~of existing properties, as reported by the assessors on the~~  
19 ~~abstracts of assessment for 1979, plus four percent of the~~  
20 ~~amount so determined. The divisor for each class of property~~  
21 ~~shall be the total actual value of all such property in 1979,~~  
22 ~~as equalized by the director of revenue pursuant to section~~  
23 ~~441.49, plus the amount of value added to the total actual~~  
24 ~~value by the revaluation of existing properties in 1980. The~~  
25 ~~director shall utilize information reported on the abstracts of~~  
26 ~~assessment submitted pursuant to section 441.45 in determining~~  
27 ~~such percentage. For valuations established as of January 1,~~  
28 ~~1980, property valued by the department of revenue pursuant~~  
29 ~~to chapters 428, 433, 437, and 438 shall be assessed at a~~  
30 ~~percentage of its actual value. The percentage shall be~~  
31 ~~determined by the director of revenue in accordance with the~~  
32 ~~provisions of this section. For valuations established as of~~  
33 ~~January 1, 1980, the percentage shall be the quotient of the~~  
34 ~~dividend and divisor as defined in this section. The dividend~~  
35 ~~shall be the total actual valuation established for 1979 by~~

1 the department of revenue, plus eight percent of the amount so  
 2 determined. The divisor for property valued by the department  
 3 of revenue pursuant to chapters 428, 433, 437, and 438 shall  
 4 be the valuation established for 1979, plus the amount of  
 5 value added to the total actual value by the revaluation of  
 6 the property by the department of revenue as of January 1,  
 7 1980. ~~For valuations established as of January 1, 1981,~~  
 8 ~~and each year thereafter, the percentage of actual value as~~  
 9 ~~equalized by the director of revenue as provided in section~~  
 10 ~~441.49 at which commercial property and industrial property,~~  
 11 ~~excluding properties referred to in section 427A.1, subsection~~  
 12 ~~8, shall be assessed shall be calculated in accordance with~~  
 13 ~~the methods provided herein, except that any references to~~  
 14 ~~six percent in this subsection shall be four percent. For~~  
 15 ~~valuations established as of January 1, 1981, and each year~~  
 16 ~~thereafter, the percentage of actual value at which property~~  
 17 ~~valued by the department of revenue pursuant to chapters~~  
 18 ~~428, 433, 437, and 438 shall be assessed shall be calculated~~  
 19 ~~in accordance with the methods provided herein, except that~~  
 20 ~~any references to ten percent in this subsection shall be~~  
 21 ~~eight percent. For assessment years beginning on or after~~  
 22 January 1, 2013, but before January 1, 2019, the percentage  
 23 of actual value at which property valued by the department of  
 24 revenue pursuant to chapters 428, 433, 437, and 438 shall be  
 25 assessed shall be calculated using property valuations for the  
 26 applicable assessment years that include the total value of  
 27 property exempt from taxation under section 433.4, subsection  
 28 2, paragraph "b", if enacted in division III of this Act,  
 29 notwithstanding section 433.4, subsection 2, paragraph "c", if  
 30 enacted in division III of this Act. Beginning with valuations  
 31 established as of January 1, 1979, and each assessment year  
 32 thereafter beginning before January 1, 2013, property valued by  
 33 the department of revenue pursuant to chapter 434 shall also be  
 34 assessed at a percentage of its actual value which percentage  
 35 shall be equal to the percentage determined by the director

1 of revenue for commercial property, industrial property, or  
2 property valued by the department of revenue pursuant to  
3 chapters 428, 433, 437, and 438, whichever is lowest. For  
4 valuations established on or after January 1, 2013, property  
5 valued by the department of revenue pursuant to chapter 434  
6 shall be assessed at a percentage of its actual value equal to  
7 the percentage of actual value at which property assessed as  
8 commercial property is assessed for the same assessment year  
9 under paragraph "b".

10 b. For valuations established on or after January 1, 2013,  
11 commercial property, excluding properties referred to in  
12 section 427A.1, subsection 8, shall be assessed as a percentage  
13 of its actual value, as determined in this paragraph "b".  
14 For valuations established for the assessment year beginning  
15 January 1, 2013, the percentage of actual value as equalized by  
16 the director of revenue as provided in section 441.49 at which  
17 commercial property shall be assessed shall be ninety-eight  
18 percent. For valuations established for the assessment year  
19 beginning January 1, 2014, the percentage of actual value as  
20 equalized by the director of revenue as provided in section  
21 441.49 at which commercial property shall be assessed shall  
22 be ninety-six percent. For valuations established for the  
23 assessment year beginning January 1, 2015, the percentage  
24 of actual value as equalized by the director of revenue as  
25 provided in section 441.49 at which commercial property shall  
26 be assessed shall be ninety-four percent. For valuations  
27 established for the assessment year beginning January 1, 2016,  
28 the percentage of actual value as equalized by the director  
29 of revenue as provided in section 441.49 at which commercial  
30 property shall be assessed shall be ninety-two percent. For  
31 valuations established for the assessment year beginning  
32 January 1, 2017, and each assessment year thereafter, the  
33 percentage of actual value as equalized by the director of  
34 revenue as provided in section 441.49 at which commercial  
35 property shall be assessed shall be ninety percent.



1     c. For valuations established on or after January 1, 2013,  
2 industrial property, excluding properties referred to in  
3 section 427A.1, subsection 8, shall be assessed as a percentage  
4 of its actual value, as determined in this paragraph "c".  
5 For valuations established for the assessment year beginning  
6 January 1, 2013, the percentage of actual value as equalized by  
7 the director of revenue as provided in section 441.49 at which  
8 industrial property shall be assessed shall be ninety-eight  
9 percent. For valuations established for the assessment year  
10 beginning January 1, 2014, the percentage of actual value as  
11 equalized by the director of revenue as provided in section  
12 441.49 at which industrial property shall be assessed shall  
13 be ninety-six percent. For valuations established for the  
14 assessment year beginning January 1, 2015, the percentage  
15 of actual value as equalized by the director of revenue as  
16 provided in section 441.49 at which industrial property shall  
17 be assessed shall be ninety-four percent. For valuations  
18 established for the assessment year beginning January 1, 2016,  
19 the percentage of actual value as equalized by the director  
20 of revenue as provided in section 441.49 at which industrial  
21 property shall be assessed shall be ninety-two percent. For  
22 valuations established for the assessment year beginning  
23 January 1, 2017, and each assessment year thereafter, the  
24 percentage of actual value as equalized by the director of  
25 revenue as provided in section 441.49 at which industrial  
26 property shall be assessed shall be ninety percent.

27     **Sec. 8. NEW SECTION. 441.21A Commercial and industrial**  
28 **property tax replacement fund — replacement claims.**

29     1. a. The commercial and industrial property tax  
30 replacement fund is created in the state treasury under  
31 the control of the department of revenue for the payment of  
32 commercial and industrial property tax replacement claims in  
33 fiscal years beginning on or after July 1, 2014.

34     b. For the fiscal year beginning July 1, 2014, there  
35 is appropriated from the general fund of the state to the

1 department of revenue to be credited to the fund an amount  
2 necessary to pay all commercial and industrial property  
3 tax replacement claims for the fiscal year, not to exceed  
4 twenty-eight million dollars. For the fiscal year beginning  
5 July 1, 2015, there is appropriated from the general fund of  
6 the state to the department of revenue to be credited to the  
7 fund an amount necessary to pay all commercial and industrial  
8 property tax replacement claims for the fiscal year, not  
9 to exceed fifty-six million dollars. For the fiscal year  
10 beginning July 1, 2016, there is appropriated from the general  
11 fund of the state to the department of revenue to be credited  
12 to the fund an amount necessary to pay all commercial and  
13 industrial property tax replacement claims for the fiscal year,  
14 not to exceed eighty-four million dollars. For the fiscal  
15 year beginning July 1, 2017, there is appropriated from the  
16 general fund of the state to the department of revenue to be  
17 credited to the fund an amount necessary to pay all commercial  
18 and industrial property tax replacement claims for the fiscal  
19 year, not to exceed one hundred twelve million dollars. For  
20 the fiscal year beginning July 1, 2018, and each fiscal year  
21 thereafter, there is appropriated from the general fund of  
22 the state to the department of revenue to be credited to the  
23 fund an amount necessary to pay all commercial and industrial  
24 property tax replacement claims for the fiscal year, not to  
25 exceed one hundred forty million dollars.

26 2. Beginning with the fiscal year beginning July 1, 2014,  
27 each county treasurer shall be paid from the commercial and  
28 industrial property tax replacement fund an amount equal to  
29 the amount of the commercial and industrial property tax  
30 replacement claims in the county, as calculated in subsection  
31 4. If an amount appropriated for a fiscal year is insufficient  
32 to pay all replacement claims, the director of revenue  
33 shall prorate the disbursements from the fund to the county  
34 treasurers and shall notify the county auditors of the pro rata  
35 percentage on or before September 30. Any unspent balance in

1 the fund as of June 30 of each year shall revert to the general  
2 fund of the state as provided by section 8.33.

3     3. *a.* On or before July 1 of each fiscal year beginning on  
4 or after July 1, 2014, the assessor shall determine the total  
5 assessed value of all commercial property, industrial property,  
6 and property assessed by the department of revenue pursuant to  
7 chapter 434 assessed for taxes due and payable in that fiscal  
8 year and the total assessed value of such property assessed  
9 as of January 1, 2012, and shall report the valuations to the  
10 county auditor.

11     *b.* For purposes of calculating replacement claims under this  
12 division of this Act, the total assessed value of commercial  
13 property, industrial property, and property assessed by the  
14 department of revenue pursuant to chapter 434 as of January 1,  
15 2012, shall not include property classified as multiresidential  
16 property under section 441.21, subsection 13, if enacted by  
17 division VI of this Act, which was classified as commercial  
18 property, industrial property, or property assessed by the  
19 department of revenue pursuant to chapter 434 for assessment  
20 years beginning before January 1, 2013.

21     4. On or before September 1 of each fiscal year beginning  
22 on or after July 1, 2014, the county auditor shall prepare  
23 a statement, based upon the report received pursuant to  
24 subsection 3, listing for each taxing district in the county:

25     *a.* The difference between the assessed valuation of all  
26 commercial property, industrial property, and property assessed  
27 by the department of revenue pursuant to chapter 434 for the  
28 assessment year used to calculate taxes which are due and  
29 payable in the applicable fiscal year and the assessed value  
30 of all commercial property, industrial property, and property  
31 assessed by the department of revenue pursuant to chapter 434  
32 assessed as of January 1, 2012. If the assessed value of all  
33 commercial property, industrial property, and property assessed  
34 by the department of revenue pursuant to chapter 434 assessed  
35 as of January 1, 2012, is less than the assessed valuation of

1 all commercial property, industrial property, and property  
2 assessed by the department of revenue pursuant to chapter 434  
3 for the assessment year used to calculate taxes which are due  
4 and payable in the applicable fiscal year, there is no tax  
5 replacement for that taxing district for the fiscal year.

6     *b.* The tax levy rate for each taxing district for that  
7 fiscal year.

8     *c.* The commercial and industrial property tax replacement  
9 claim for each taxing district. For fiscal years beginning on  
10 or after July 1, 2014, the replacement claim is equal to the  
11 amount determined pursuant to paragraph "a", multiplied by the  
12 tax rate specified in paragraph "b".

13     5. For purposes of computing replacement amounts under  
14 this section, that portion of an urban renewal area defined as  
15 the sum of the assessed valuations defined in section 403.19,  
16 subsections 1 and 2, shall be considered a taxing district.

17     6. *a.* The county auditor shall certify and forward one copy  
18 of the statement to the department of revenue not later than  
19 September 1 of each year.

20     *b.* The replacement claims shall be paid to each county  
21 treasurer in equal installments in September and March of each  
22 year. The county treasurer shall apportion the replacement  
23 claim payments among the eligible taxing districts in the  
24 county.

25     *c.* If the taxing district is an urban renewal area, the  
26 amount of the replacement claim shall be apportioned as  
27 provided in subsection 7.

28     7. *a.* If the total assessed value of property located in an  
29 urban renewal area taxing district for the assessment year for  
30 property taxes due and payable in the applicable fiscal year is  
31 equal to or more than that portion of such valuation defined  
32 in section 403.19, subsection 1, the total replacement claim  
33 amount computed pursuant to subsection 4 shall be credited to  
34 that portion of the assessed value defined in section 403.19,  
35 subsection 2.

1     *b.* If the total assessed value of the property located in an  
2 urban renewal area taxing district for the assessment year for  
3 property taxes due and payable in the applicable fiscal year  
4 is less than that portion of such valuation defined in section  
5 403.19, subsection 1, the replacement amount shall be credited  
6 to those portions of the assessed value defined in section  
7 403.19, subsections 1 and 2, as follows:

8     (1) To that portion defined in section 403.19, subsection  
9 1, an amount equal to the amount that would be produced by  
10 multiplying the applicable consolidated levy rate times the  
11 difference between the assessed value of the taxable property  
12 defined in section 403.19, subsection 1, and the total assessed  
13 value of the property located in the urban renewal area taxing  
14 district in the assessment year for property taxes due and  
15 payable in the fiscal year for which the replacement claim is  
16 computed.

17     (2) To that portion defined in section 403.19, subsection 2,  
18 the remaining amount, if any.

19     *c.* Notwithstanding the allocation provisions of paragraphs  
20 "a" and "b", the amount of the tax replacement amount that shall  
21 be allocated to that portion of the assessed value defined  
22 in section 403.19, subsection 2, shall not exceed the amount  
23 equal to the amount certified to the county auditor under  
24 section 403.19 for the fiscal year in which the claim is paid,  
25 after deduction of the amount of other revenues committed for  
26 payment on that amount for the fiscal year. The amount not  
27 allocated to that portion of the assessed value defined in  
28 section 403.19, subsection 2, as a result of the operation of  
29 this paragraph, shall be allocated to that portion of assessed  
30 value defined in section 403.19, subsection 1.

31     *d.* The amount of the replacement claim amount credited to  
32 the portion of the assessed value defined in section 403.19,  
33 subsection 1, shall be allocated to and when received be paid  
34 into the fund for the respective taxing district as taxes by  
35 or for the taxing district into which all other property taxes

1 are paid. The amount of the replacement claim amount credited  
2 to the portion of the assessed value defined in section 403.19,  
3 subsection 2, shall be allocated to and when collected be paid  
4 into the special fund of the municipality under section 403.19,  
5 subsection 2.

6 Sec. 9. SAVINGS PROVISION. This division of this Act,  
7 pursuant to section 4.13, does not affect the operation of,  
8 or prohibit the application of, prior provisions of section  
9 441.21, or rules adopted under chapter 17A to administer prior  
10 provisions of section 441.21, for assessment years beginning  
11 before January 1, 2013, and for duties, powers, protests,  
12 appeals, proceedings, actions, or remedies attributable to an  
13 assessment year beginning before January 1, 2013.

14 Sec. 10. APPLICABILITY. This division of this Act applies  
15 to assessment years beginning on or after January 1, 2013.

16 DIVISION III

17 TELECOMMUNICATIONS PROPERTY TAX

18 Sec. 11. Section 427A.1, subsection 1, paragraph h, Code  
19 2011, is amended to read as follows:

20 *h.* Property assessed by the department of revenue pursuant  
21 to sections 428.24 to 428.29, or chapters 433, 434, 437, 437A,  
22 and 438.

23 Sec. 12. Section 433.4, Code 2011, is amended to read as  
24 follows:

25 **433.4 Assessment.**

26 1. The director of revenue shall on or before October 31  
27 each year, proceed to find the actual value of the property  
28 of these companies in this state used by the companies in the  
29 transaction of telegraph and telephone business, taking into  
30 consideration the information obtained from the statements  
31 required, and any further information the director can obtain,  
32 using the same as a means for determining the actual ~~cash~~ value  
33 of the property of these companies within this state. ~~The~~  
34 ~~director shall also take into consideration the valuation of~~  
35 ~~all property of these companies, including franchises and the~~

~~1 use of the property in connection with lines outside the state,~~  
~~2 and making these deductions as may be necessary on account of~~  
~~3 extra value of property outside the state as compared with~~  
~~4 the value of property in the state, in order that the actual~~  
~~5 cash value of the property of the company within this state~~  
~~6 may be ascertained. The assessment shall include all property~~  
~~7 of every kind and character whatsoever, real, personal, or~~  
~~8 mixed, used by the companies in the transaction of telegraph~~  
~~9 and telephone business; and the~~ The property so included in  
 10 the assessment shall not be taxed in any other manner than as  
 11 provided in this chapter.

12 2. a. Except as provided in paragraph "c", for assessment  
 13 years beginning on or after January 1, 2013, a company's  
 14 property, excluding the property identified in paragraph "b"  
 15 as exempt from taxation, shall be subject to assessment and  
 16 taxation under this chapter by the director of revenue in  
 17 the same manner as property assessed and taxed as commercial  
 18 property under chapters 427, 427A, 427B, 428, and 441.

19 b. All of the following is exempt from taxation and shall  
 20 not be assessed for taxation under this chapter:

21 (1) Central office equipment.

22 (2) Transmission equipment.

23 (3) Qualified telephone company property. However,  
 24 qualified telephone company property shall be valued and  
 25 included in the company's assessment for the assessment years,  
 26 and to the extent specified, in paragraph "c".

27 (4) Intangible property.

28 c. For assessment years beginning on or after January 1,  
 29 2013, but before January 1, 2018, the director of revenue shall  
 30 include as part of the actual value determined under paragraph  
 31 "a" for the applicable assessment year, the following:

32 (1) For the assessment year beginning January 1, 2013, an  
 33 amount equal to the actual value of the company's qualified  
 34 telephone company property that exceeds five million dollars.

35 (2) For the assessment year beginning January 1, 2014, an

1 amount equal to the actual value of the company's qualified  
2 telephone company property that exceeds twenty-five million  
3 dollars.

4 (3) For the assessment year beginning January 1, 2015, an  
5 amount equal to the actual value of the company's qualified  
6 telephone company property that exceeds fifty million dollars.

7 (4) For the assessment year beginning January 1, 2016, an  
8 amount equal to the actual value of the company's qualified  
9 telephone company property that exceeds one hundred million  
10 dollars.

11 (5) For the assessment year beginning January 1, 2017, an  
12 amount equal to the actual value of the company's qualified  
13 telephone company property that exceeds one hundred fifty  
14 million dollars.

15 Sec. 13. Section 433.12, Code 2011, is amended by adding the  
16 following new subsections:

17 NEW SUBSECTION. 1A. As used in this chapter, "*central*  
18 *office equipment*" means equipment owned or leased by a company  
19 and used in initiating, amplifying, switching, or monitoring  
20 telecommunications services, including such ancillary equipment  
21 necessary for the support, regulation, control, repair, or  
22 testing of such equipment.

23 NEW SUBSECTION. 2A. As used in this chapter, "*intangible*  
24 *property*" includes but is not limited to goodwill associated  
25 with a company.

26 NEW SUBSECTION. 3. As used in this chapter, "*qualified*  
27 *telephone company property*" means telephone wire, telephone  
28 cable, fiber optic cable, conduit systems, poles, or other  
29 equipment owned or leased by a company and used by the company  
30 to transmit sound or data.

31 NEW SUBSECTION. 4. As used in this chapter, "*transmission*  
32 *equipment*" means equipment owned or leased by a company and  
33 used in the process of sending information from one location to  
34 another location, including such ancillary equipment necessary  
35 for the support, regulation, control, repair, or testing of



1 such equipment.

2 Sec. 14. Section 476.1D, subsection 10, Code Supplement  
3 2011, is amended by striking the subsection.

4 Sec. 15. SAVINGS PROVISION. This division of this Act,  
5 pursuant to section 4.13, does not affect the operation of,  
6 or prohibit the application of, prior provisions of chapter  
7 433, or rules adopted under chapter 17A to administer prior  
8 provisions of chapter 433, for assessment years beginning  
9 before January 1, 2013, and for duties, powers, protests,  
10 appeals, proceedings, actions, or remedies attributable to an  
11 assessment year beginning before January 1, 2013.

12 Sec. 16. IMPLEMENTATION. Section 25B.7 shall not apply to  
13 this division of this Act.

14 Sec. 17. EFFECTIVE DATE.

15 1. Except as provided in subsection 2, this division of this  
16 Act takes effect July 1, 2012.

17 2. The section of this division of this Act amending section  
18 476.1D takes effect July 1, 2017.

19 Sec. 18. APPLICABILITY.

20 1. Except as provided in subsection 2, this division of this  
21 Act applies to assessment years beginning on or after January  
22 1, 2013.

23 2. The section of this division of this Act amending section  
24 476.1D applies to assessment years beginning on or after  
25 January 1, 2018.

26 DIVISION IV

27 COUNTY AND CITY BUDGET LIMITATION

28 Sec. 19. Section 23A.2, subsection 10, paragraph h, Code  
29 2011, is amended to read as follows:

30 *h.* The performance of an activity listed in section 331.424,  
31 Code 2011, as a service for which a ~~supplemental levy~~ county  
32 ~~may be certified~~ include in its budget.

33 Sec. 20. Section 28M.5, subsection 2, Code 2011, is amended  
34 to read as follows:

35 2. If a regional transit district budget allocates

1 revenue responsibilities to the board of supervisors of a  
 2 participating county, the amount of the regional transit  
 3 district levy that is the responsibility of the participating  
 4 county shall be deducted from the maximum ~~rates~~ amount of taxes  
 5 authorized to be levied by the county pursuant to section  
 6 331.423, ~~subsections 1 and 2~~ subsection 3, paragraphs "b"  
 7 and "c", as applicable, unless the county meets its revenue  
 8 responsibilities as allocated in the budget from other  
 9 available revenue sources. However, for a regional transit  
 10 district that includes a county with a population of less than  
 11 three hundred thousand, the amount of the regional transit  
 12 district levy that is the responsibility of such participating  
 13 county shall be deducted from the maximum ~~rate~~ amount of taxes  
 14 authorized to be levied by the county pursuant to section  
 15 331.423, ~~subsection 1~~ subsection 3, paragraph "b".

16 Sec. 21. Section 123.38, subsection 2, Code 2011, is amended  
 17 to read as follows:

18 2. Any licensee or permittee, or the licensee's or  
 19 permittee's executor or administrator, or any person duly  
 20 appointed by the court to take charge of and administer the  
 21 property or assets of the licensee or permittee for the benefit  
 22 of the licensee's or permittee's creditors, may voluntarily  
 23 surrender a license or permit to the division. When a license  
 24 or permit is surrendered the division shall notify the local  
 25 authority, and the division or the local authority shall  
 26 refund to the person surrendering the license or permit, a  
 27 proportionate amount of the fee received by the division or  
 28 the local authority for the license or permit as follows: if  
 29 a license or permit is surrendered during the first three  
 30 months of the period for which it was issued, the refund shall  
 31 be three-fourths of the amount of the fee; if surrendered  
 32 more than three months but not more than six months after  
 33 issuance, the refund shall be one-half of the amount of the  
 34 fee; if surrendered more than six months but not more than  
 35 nine months after issuance, the refund shall be one-fourth of

1 the amount of the fee. No refund shall be made, however, for  
 2 any special liquor permit, nor for a liquor control license,  
 3 wine permit, or beer permit surrendered more than nine months  
 4 after issuance. For purposes of this subsection, any portion  
 5 of license or permit fees used for the purposes authorized in  
 6 section 331.424, subsection 1, paragraph "a", subparagraphs  
 7 (1) and (2), Code 2011, and in section 331.424A, shall not be  
 8 deemed received either by the division or by a local authority.  
 9 No refund shall be made to any licensee or permittee, upon the  
 10 surrender of the license or permit, if there is at the time  
 11 of surrender, a complaint filed with the division or local  
 12 authority, charging the licensee or permittee with a violation  
 13 of this chapter. If upon a hearing on a complaint the license  
 14 or permit is not revoked or suspended, then the licensee or  
 15 permittee is eligible, upon surrender of the license or permit,  
 16 to receive a refund as provided in this section; but if the  
 17 license or permit is revoked or suspended upon hearing the  
 18 licensee or permittee is not eligible for the refund of any  
 19 portion of the license or permit fee.

20 Sec. 22. Section 218.99, Code 2011, is amended to read as  
 21 follows:

22 **218.99 Counties to be notified of patients' personal**  
 23 **accounts.**

24 The administrator in control of a state institution shall  
 25 direct the business manager of each institution under the  
 26 administrator's jurisdiction ~~which is mentioned in section~~  
 27 ~~331.424, subsection 1, paragraph "a", subparagraphs (1)~~  
 28 ~~and (2), and for which services are paid under section~~  
 29 331.424A, to quarterly inform the county of legal settlement's  
 30 entity designated to perform the county's central point of  
 31 coordination process of any patient or resident who has an  
 32 amount in excess of two hundred dollars on account in the  
 33 patients' personal deposit fund and the amount on deposit. The  
 34 administrators shall direct the business manager to further  
 35 notify the entity designated to perform the county's central

1 point of coordination process at least fifteen days before the  
2 release of funds in excess of two hundred dollars or upon the  
3 death of the patient or resident. If the patient or resident  
4 has no county of legal settlement, notice shall be made to the  
5 director of human services and the administrator in control of  
6 the institution involved.

7 Sec. 23. Section 331.263, subsection 2, Code 2011, is  
8 amended to read as follows:

9 2. The governing body of the community commonwealth  
10 shall have the authority to levy county taxes and shall  
11 have the authority to levy city taxes to the extent the  
12 city tax levy authority is transferred by the charter to  
13 the community commonwealth. A city participating in the  
14 community commonwealth shall transfer a portion of the  
15 city's tax levy authorized under section 384.1 or 384.12,  
16 whichever is applicable, to the governing body of the community  
17 commonwealth. The maximum ~~rates~~ amount of taxes authorized to  
18 be levied under ~~sections~~ section 384.1 and the maximum amount  
19 of taxes authorized to be levied under section 384.12 by a city  
20 participating in the community commonwealth shall be reduced  
21 by an amount equal to the rates of the same or similar taxes  
22 levied in the city by the governing body of the community  
23 commonwealth.

24 Sec. 24. Section 331.301, subsection 12, Code Supplement  
25 2011, is amended to read as follows:

26 12. The board of supervisors may credit funds to a reserve  
27 for the purposes authorized by subsection 11 of this section;  
28 ~~section 331.424, subsection 1, paragraph "a", subparagraph~~  
29 ~~(6);~~ and section 331.441, subsection 2, paragraph "b". Moneys  
30 credited to the reserve, and interest earned on such moneys,  
31 shall remain in the reserve until expended for purposes  
32 authorized by subsection 11 of this section; ~~section 331.424,~~  
33 ~~subsection 1, paragraph "a", subparagraph (6);~~ or section  
34 331.441, subsection 2, paragraph "b".

35 Sec. 25. Section 331.421, subsections 1 and 10, Code 2011,

1 are amended by striking the subsections.

2 Sec. 26. Section 331.421, Code 2011, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 7A. "*Item*" means a budgeted expenditure,  
5 appropriation, or cash reserve from a fund for a service area,  
6 program, program element, or purpose.

7 Sec. 27. Section 331.423, Code 2011, is amended by striking  
8 the section and inserting in lieu thereof the following:

9 **331.423 Property tax dollars — maximums.**

10 1. Annually, the board shall determine separate property  
11 tax levy limits to pay for general county services and rural  
12 county services in accordance with this section. The property  
13 tax levies separately certified for general county services and  
14 rural county services under section 331.434 shall not raise  
15 property tax dollars that exceed the amount determined under  
16 this section.

17 2. For purposes of this section and section 331.423B, unless  
18 the context otherwise requires:

19 a. "*Annual growth factor*" means an index, expressed as  
20 a percentage, determined by the department of management by  
21 January 1 of the calendar year in which the budget year begins.  
22 In determining the annual growth factor, the department shall  
23 calculate the average of the preceding twelve-month percentage  
24 change, which shall be computed on a monthly basis, in the  
25 midwest consumer price index, ending with the percentage change  
26 for the month of November. The department shall then add that  
27 average percentage change to one hundred percent. In no case,  
28 however, shall the annual growth factor exceed one hundred four  
29 percent.

30 b. "*Boundary adjustment*" means annexation, severance,  
31 incorporation, or discontinuance as those terms are defined in  
32 section 368.1.

33 c. "*Budget year*" is the fiscal year beginning during the  
34 calendar year in which a budget is certified.

35 d. "*Current fiscal year*" is the fiscal year ending during

1 the calendar year in which a budget is certified.

2     *e. "Net new valuation taxes"* means the amount of property  
3 tax dollars equal to the current fiscal year's levy rate in  
4 the county for general county services or for rural county  
5 services, as applicable, multiplied by the increase from the  
6 current fiscal year to the budget year in taxable valuation due  
7 to the following:

8     (1) Net new construction, excluding all incremental  
9 valuation that is released in any one year from either a  
10 division of revenue under section 260E.4 or 357H.9, or an  
11 urban renewal area for which taxes were being divided under  
12 section 403.19 if the property for the valuation being released  
13 remains subject to the division of revenue under section 260E.4  
14 or 357H.9, or remains part of the urban renewal area that is  
15 subject to a division of revenue under section 403.19.

16     (2) Additions or improvements to existing structures.

17     (3) Remodeling of existing structures for which a building  
18 permit is required.

19     (4) Net boundary adjustment.

20     (5) A municipality no longer dividing tax revenues in an  
21 urban renewal area as provided in section 403.19, a community  
22 college no longer dividing revenues as provided in section  
23 260E.4, or a rural improvement zone no longer dividing revenues  
24 as provided in section 357H.9.

25     (6) That portion of taxable property located in an urban  
26 revitalization area on which an exemption was allowed and such  
27 exemption has expired.

28     3. *a.* For the fiscal year beginning July 1, 2013, and  
29 subsequent fiscal years, the maximum amount of property tax  
30 dollars which may be certified for levy by a county for general  
31 county services and rural county services shall be the maximum  
32 property tax dollars calculated under paragraphs "*b*" and "*c*",  
33 respectively.

34     *b.* The maximum property tax dollars that may be levied for  
35 general county services is an amount equal to the sum of the

1 following:

2 (1) The annual growth factor times the current fiscal year's  
3 maximum property tax dollars for general county services.

4 (2) The amount of net new valuation taxes in the county.

5 c. The maximum property tax dollars that may be levied for  
6 rural county services is an amount equal to the sum of the  
7 following:

8 (1) The annual growth factor times the current fiscal year's  
9 maximum property tax dollars for rural county services.

10 (2) The amount of net new valuation taxes in the  
11 unincorporated area of the county.

12 4. a. For purposes of calculating maximum property tax  
13 dollars for general county services for the fiscal year  
14 beginning July 1, 2013, only, the term "*current fiscal year's*  
15 *maximum property tax dollars*" shall mean the total amount of  
16 property tax dollars certified by the county for general county  
17 services for the fiscal year beginning July 1, 2012.

18 b. For purposes of calculating maximum property tax dollars  
19 for rural county services for the fiscal year beginning July  
20 1, 2013, only, the term "*current fiscal year's maximum property*  
21 *tax dollars*" shall mean the total amount of property tax dollars  
22 certified by the county for rural county services for the  
23 fiscal year beginning July 1, 2012.

24 5. Property taxes certified for mental health, mental  
25 retardation, and developmental disabilities services, the  
26 emergency services fund in section 331.424C, the debt service  
27 fund in section 331.430, any capital projects fund established  
28 by the county for deposit of bond, loan, or note proceeds, and  
29 any temporary increase approved pursuant to section 331.424,  
30 are not included in the maximum amount of property tax dollars  
31 that may be certified for a budget year under subsection 3.

32 6. The department of management, in consultation with the  
33 county finance committee, shall adopt rules to administer this  
34 section. The department shall prescribe forms to be used by  
35 counties when making calculations required by this section.

1     Sec. 28. NEW SECTION.   331.423B   Ending fund balance.

2     1.   *a.*   Budgeted ending fund balances for a budget year  
3   in excess of twenty-five percent of budgeted expenditures in  
4   either the general fund or rural services fund for that budget  
5   year shall be explicitly reserved or designated for a specific  
6   purpose.

7     *b.*   A county is encouraged, but not required, to reduce  
8   ending fund balances for the budget year to an amount equal to  
9   approximately twenty-five percent of budgeted expenditures and  
10  transfers from the general fund and rural services fund for  
11  that budget year unless a decision is certified by the state  
12  appeal board ordering a reduction in the ending fund balance  
13  of any of those funds.

14    *c.*   In a protest to the county budget under section 331.436,  
15  the county shall have the burden of proving that the budgeted  
16  balances in excess of twenty-five percent are reasonably likely  
17  to be appropriated for the explicitly reserved or designated  
18  specific purpose. The excess budgeted balance for the specific  
19  purpose shall be considered an increase in an item in the  
20  budget for purposes of section 24.28.

21    2.   *a.*   For a county that has, as of June 30, 2012, reduced  
22  its actual ending fund balance to less than twenty-five  
23  percent of actual expenditures, additional property taxes may  
24  be computed and levied as provided in this subsection. The  
25  additional property tax levy amount is an amount not to exceed  
26  twenty-five percent of actual expenditures from the general  
27  fund and rural services fund for the fiscal year beginning July  
28  1, 2011, minus the combined ending fund balances for those  
29  funds for that year.

30    *b.*   The amount of the additional property taxes shall be  
31  apportioned between the general fund and the rural services  
32  fund. However, the amount apportioned for general county  
33  services and for rural county services shall not exceed for  
34  each fund twenty-five percent of actual expenditures for the  
35  fiscal year beginning July 1, 2011.



1     *c.* All or a portion of additional property tax dollars  
2 may be levied for the purpose of increasing cash reserves  
3 for general county services and rural county services in the  
4 budget year. The additional property tax dollars authorized  
5 under this subsection but not levied may be carried forward as  
6 unused ending fund balance taxing authority until and for the  
7 fiscal year beginning July 1, 2018. The amount carried forward  
8 shall not exceed twenty-five percent of the maximum amount of  
9 property tax dollars available in the current fiscal year.  
10 Additionally, property taxes that are levied as unused ending  
11 fund balance taxing authority under this subsection may be the  
12 subject of a protest under section 331.436, and the amount  
13 will be considered an increase in an item in the budget for  
14 purposes of section 24.28. The amount of additional property  
15 taxes levied under this subsection shall not be included in the  
16 computation of the maximum amount of property tax dollars which  
17 may be certified and levied under section 331.423.

18     Sec. 29. Section 331.424, Code 2011, is amended by striking  
19 the section and inserting in lieu thereof the following:

20     **331.424 Authority to levy beyond maximum property tax**  
21 **dollars.**

22     1. The board may certify additions to the maximum amount  
23 of property tax dollars to be levied for a period of time not  
24 to exceed two years if the proposition has been submitted at a  
25 special election and received a favorable majority of the votes  
26 cast on the proposition.

27     2. The special election is subject to the following:

28     *a.* The board must give at least thirty-two days' notice to  
29 the county commissioner of elections that the special election  
30 is to be held. In no case, however, shall a notice be given to  
31 the county commissioner of elections after December 31 for an  
32 election on a proposition to exceed the statutory limits during  
33 the fiscal year beginning in the next calendar year.

34     *b.* The special election shall be conducted by the county  
35 commissioner of elections in accordance with law.

1     *c.* The proposition to be submitted shall be substantially  
2 in the following form:

3     Vote "yes" or "no" on the following: Shall the county of  
4 \_\_\_\_\_ levy for an additional \$\_\_\_\_\_ each year for \_\_\_\_ years  
5 beginning July 1, \_\_\_\_\_, in excess of the statutory limits  
6 otherwise applicable for the (general county services or rural  
7 services) fund?

8     *d.* The canvass shall be held beginning at 1:00 p.m. on  
9 the second day which is not a holiday following the special  
10 election.

11    *e.* Notice of the special election shall be published at  
12 least once in a newspaper as specified in section 331.305 prior  
13 to the date of the special election. The notice shall appear  
14 as early as practicable after the board has voted to submit  
15 a proposition to the voters to levy additional property tax  
16 dollars.

17    3. Registered voters in the county may vote on the  
18 proposition to increase property taxes for the general fund  
19 in excess of the statutory limit. Registered voters residing  
20 outside the corporate limits of a city within the county may  
21 vote on the proposition to increase property taxes for the  
22 rural services fund in excess of the statutory limit.

23    4. The amount of additional property tax dollars certified  
24 under this section shall not be included in the computation  
25 of the maximum amount of property tax dollars which may be  
26 certified and levied under section 331.423.

27    Sec. 30. Section 331.424A, subsection 4, Code Supplement  
28 2011, is amended to read as follows:

29    4. For the fiscal year beginning July 1, 1996, and for each  
30 subsequent fiscal year, the county shall certify a levy for  
31 payment of services. For each fiscal year, county revenues  
32 from taxes imposed by the county credited to the services fund  
33 shall not exceed an amount equal to the amount of base year  
34 expenditures for services as defined in section 331.438, less  
35 the amount of property tax relief to be received pursuant to

1 section 426B.2, in the fiscal year for which the budget is  
2 certified. The county auditor and the board of supervisors  
3 shall reduce the amount of the levy certified for the services  
4 fund by the amount of property tax relief to be received. A  
5 levy certified under this section is not subject to ~~the appeal~~  
6 ~~provisions of section 331.426 or to~~ any other provision in law  
7 authorizing a county to exceed, increase, or appeal a property  
8 tax levy limit.

9 Sec. 31. Section 331.427, subsection 3, paragraph 1, Code  
10 2011, is amended to read as follows:

11 1. Services listed in section 331.424, subsection 1, Code  
12 2011, and section 331.554.

13 Sec. 32. Section 331.428, subsection 2, paragraph d, Code  
14 2011, is amended to read as follows:

15 d. Services listed under section 331.424, subsection 2, Code  
16 2011.

17 Sec. 33. Section 331.434, subsection 1, Code 2011, is  
18 amended to read as follows:

19 1. The budget shall show the amount required for each class  
20 of proposed expenditures, a comparison of the amounts proposed  
21 to be expended with the amounts expended for like purposes for  
22 the two preceding years, the revenues from sources other than  
23 property taxation, and the amount to be raised by property  
24 taxation, in the detail and form prescribed by the director  
25 of the department of management. For each county that has  
26 established an urban renewal area, the budget shall include  
27 estimated and actual tax increment financing revenues and all  
28 estimated and actual expenditures of the revenues, proceeds  
29 from debt and all estimated and actual expenditures of the  
30 debt proceeds, and identification of any entity receiving a  
31 direct payment of taxes funded by tax increment financing  
32 revenues and shall include the total amount of loans, advances,  
33 indebtedness, or bonds outstanding at the close of the most  
34 recently ended fiscal year, which qualify for payment from the  
35 special fund created in section 403.19, including interest

1 negotiated on such loans, advances, indebtedness, or bonds.  
 2 For purposes of this subsection, "*indebtedness*" includes  
 3 written agreements whereby the county agrees to suspend, abate,  
 4 exempt, rebate, refund, or reimburse property taxes, provide  
 5 a grant for property taxes paid, or make a direct payment  
 6 of taxes, with moneys in the special fund. The amount of  
 7 loans, advances, indebtedness, or bonds shall be listed in  
 8 the aggregate for each county reporting. ~~The county finance~~  
 9 ~~committee, in consultation with the department of management~~  
 10 ~~and the legislative services agency, shall determine reporting~~  
 11 ~~criteria and shall prepare a form for reports filed with the~~  
 12 ~~department pursuant to this section. The department shall make~~  
 13 ~~the information available by electronic means.~~

14 Sec. 34. Section 373.10, Code 2011, is amended to read as  
 15 follows:

16 **373.10 Taxing authority.**

17 The metropolitan council shall have the authority to  
 18 levy city taxes to the extent the city tax levy authority  
 19 is transferred by the charter to the metropolitan council.  
 20 A member city shall transfer a portion of the city's tax  
 21 levy authorized under section 384.1 or 384.12, whichever is  
 22 applicable, to the metropolitan council. The maximum ~~rates~~  
 23 amount of taxes authorized to be levied under ~~sections~~ section  
 24 384.1 and the taxes authorized to be levied under section  
 25 384.12 by a member city shall be reduced by an amount equal to  
 26 the rates of the same or similar taxes levied in the city by the  
 27 metropolitan council.

28 Sec. 35. Section 384.1, Code 2011, is amended by striking  
 29 the section and inserting in lieu thereof the following:

30 **384.1 Property tax dollars — maximums.**

31 1. A city shall certify taxes to be levied by the city  
 32 on all taxable property within the city limits, for all city  
 33 government purposes. Annually, the city council may certify  
 34 basic levies for city government purposes, subject to the  
 35 limitation on property tax dollars provided in this section.

1     2. For purposes of this section and section 384.1B, unless  
2 the context otherwise requires:

3     *a. "Annual growth factor"* means an index, expressed as  
4 a percentage, determined by the department of management by  
5 January 1 of the calendar year in which the budget year begins.  
6 In determining the annual growth factor, the department shall  
7 calculate the average of the preceding twelve-month percentage  
8 change, which shall be computed on a monthly basis, in the  
9 midwest consumer price index, ending with the percentage change  
10 for the month of November. The department shall then add that  
11 average percentage change to one hundred percent. In no case,  
12 however, shall the annual growth factor exceed one hundred four  
13 percent.

14     *b. "Boundary adjustment"* means annexation, severance,  
15 incorporation, or discontinuance as those terms are defined in  
16 section 368.1.

17     *c. "Budget year"* is the fiscal year beginning during the  
18 calendar year in which a budget is certified.

19     *d. "Current fiscal year"* is the fiscal year ending during  
20 the calendar year in which a budget is certified.

21     *e. "Net new valuation taxes"* means the amount of property  
22 tax dollars equal to the current fiscal year's levy rate in the  
23 city for the general fund multiplied by the increase from the  
24 current fiscal year to the budget year in taxable valuation due  
25 to the following:

26     (1) Net new construction, excluding all incremental  
27 valuation that is released in any one year from either a  
28 division of revenue under section 260E.4 or an urban renewal  
29 area for which taxes were being divided under section 403.19 if  
30 the property for the valuation being released remains subject  
31 to the division of revenue under section 260E.4 or remains part  
32 of the urban renewal area that is subject to a division of  
33 revenue under section 403.19.

34     (2) Additions or improvements to existing structures.

35     (3) Remodeling of existing structures for which a building

1 permit is required.

2 (4) Net boundary adjustment.

3 (5) A municipality no longer dividing tax revenues in an  
4 urban renewal area as provided in section 403.19 or a community  
5 college no longer dividing revenues as provided in section  
6 260E.4.

7 (6) That portion of taxable property located in an urban  
8 revitalization area on which an exemption was allowed and such  
9 exemption has expired.

10 3. a. For the fiscal year beginning July 1, 2013, and  
11 subsequent fiscal years, the maximum amount of property  
12 tax dollars which may be certified for levy by a city for  
13 the general fund shall be the maximum property tax dollars  
14 calculated under paragraph "b".

15 b. The maximum property tax dollars that may be levied for  
16 deposit in the general fund is an amount equal to the sum of the  
17 following:

18 (1) The annual growth factor times the current fiscal year's  
19 maximum property tax dollars for the general fund.

20 (2) The amount of net new valuation taxes in the city.

21 4. For purposes of calculating maximum property tax dollars  
22 for the city general fund for the fiscal year beginning July  
23 1, 2013, only, the term "*current fiscal year's maximum property*  
24 *tax dollars*" shall mean the total amount of property tax dollars  
25 certified by the city for the city's general fund for the  
26 fiscal year beginning July 1, 2012.

27 5. Property taxes certified for deposit in the debt service  
28 fund in section 384.4, trust and agency funds in section  
29 384.6, capital improvements reserve fund in section 384.7,  
30 the emergency fund in section 384.8, any capital projects  
31 fund established by the city for deposit of bond, loan, or  
32 note proceeds, any temporary increase approved pursuant to  
33 section 384.12A, property taxes collected from a voted levy in  
34 section 384.12, and property taxes levied under section 384.12,  
35 subsection 18, are not counted against the maximum amount of

1 property tax dollars that may be certified for a fiscal year  
2 under subsection 3.

3     6. Notwithstanding the maximum amount of taxes a city  
4 may certify for levy, the tax levied by a city on tracts of  
5 land and improvements on the tracts of land used and assessed  
6 for agricultural or horticultural purposes shall not exceed  
7 three dollars and three-eighths cents per thousand dollars  
8 of assessed value in any year. Improvements located on such  
9 tracts of land and not used for agricultural or horticultural  
10 purposes and all residential dwellings are subject to the same  
11 rate of tax levied by the city on all other taxable property  
12 within the city.

13     7. The department of management, in consultation with the  
14 city finance committee, shall adopt rules to administer this  
15 section. The department shall prescribe forms to be used by  
16 cities when making calculations required by this section.

17     Sec. 36. NEW SECTION. **384.1B Ending fund balance.**

18     1. *a.* Budgeted ending fund balances for a budget year in  
19 excess of twenty-five percent of budgeted expenditures from the  
20 general fund for that budget year shall be explicitly reserved  
21 or designated for a specific purpose.

22     *b.* A city is encouraged, but not required, to reduce  
23 ending fund balances for the budget year to an amount equal to  
24 approximately twenty-five percent of budgeted expenditures and  
25 transfers from the general fund for that budget year unless  
26 a decision is certified by the state appeal board ordering a  
27 reduction in the ending fund balance of the fund.

28     *c.* In a protest to the city budget under section 384.19,  
29 the city shall have the burden of proving that the budgeted  
30 balances in excess of twenty-five percent are reasonably likely  
31 to be appropriated for the explicitly reserved or designated  
32 specific purpose. The excess budgeted balance for the specific  
33 purpose shall be considered an increase in an item in the  
34 budget for purposes of section 24.28.

35     2. *a.* For a city that has, as of June 30, 2012, reduced its

1 ending fund balance to less than twenty-five percent of actual  
 2 expenditures, additional property taxes may be computed and  
 3 levied as provided in this subsection. The additional property  
 4 tax levy amount is an amount not to exceed the difference  
 5 between twenty-five percent of actual expenditures for city  
 6 government purposes for the fiscal year beginning July 1, 2011,  
 7 minus the ending fund balance for that year.

8     **b.** All or a portion of additional property tax dollars  
 9 may be levied for the purpose of increasing cash reserves for  
 10 city government purposes in the budget year. The additional  
 11 property tax dollars authorized under this subsection but not  
 12 levied may be carried forward as unused ending fund balance  
 13 taxing authority until and for the fiscal year beginning  
 14 July 1, 2018. The amount carried forward shall not exceed  
 15 twenty-five percent of the maximum amount of property tax  
 16 dollars available in the current fiscal year. Additionally,  
 17 property taxes that are levied as unused ending fund balance  
 18 taxing authority under this subsection may be the subject of a  
 19 protest under section 384.19, and the amount will be considered  
 20 an increase in an item in the budget for purposes of section  
 21 24.28. The amount of additional property tax dollars levied  
 22 under this subsection shall not be included in the computation  
 23 of the maximum amount of property tax dollars which may be  
 24 certified and levied under section 384.1.

25     Sec. 37. Section 384.12, subsection 20, Code 2011, is  
 26 amended by striking the subsection.

27     Sec. 38. NEW SECTION. **384.12A Authority to levy beyond**  
 28 **maximum property tax dollars.**

29     1. The city council may certify additions to the maximum  
 30 amount of property tax dollars to be levied for a period of  
 31 time not to exceed two years if the proposition has been  
 32 submitted at a special election and received a favorable  
 33 majority of the votes cast on the proposition.

34     2. The special election is subject to the following:

35     **a.** The city council must give at least thirty-two days'



1 notice to the county commissioner of elections that the special  
2 election is to be held. In no case, however, shall a notice be  
3 given to the county commissioner of elections after December 31  
4 for an election on a proposition to exceed the statutory limits  
5 during the fiscal year beginning in the next calendar year.

6     *b.* The special election shall be conducted by the county  
7 commissioner of elections in accordance with law.

8     *c.* The proposition to be submitted shall be substantially  
9 in the following form:

10     Vote "yes" or "no" on the following: Shall the city of  
11 \_\_\_\_\_ levy for an additional \$\_\_\_\_\_ each year for \_\_\_\_ years  
12 beginning next July 1, \_\_\_\_, in excess of the statutory limits  
13 otherwise applicable for the city general fund?

14     *d.* The canvass shall be held beginning at 1:00 p.m. on  
15 the second day which is not a holiday following the special  
16 election.

17     *e.* Notice of the special election shall be published at  
18 least once in a newspaper as specified in section 362.3 prior  
19 to the date of the special election. The notice shall appear  
20 as early as practicable after the city council has voted to  
21 submit a proposition to the voters to levy additional property  
22 tax dollars.

23     3. The amount of additional property tax dollars certified  
24 under this section shall not be included in the computation  
25 of the maximum amount of property tax dollars which may be  
26 certified and levied under section 384.1.

27     Sec. 39. Section 384.16, subsection 1, paragraph b, Code  
28 2011, is amended to read as follows:

29     *b.* A budget must show comparisons between the estimated  
30 expenditures in each program in the following year, the latest  
31 estimated expenditures in each program in the current year,  
32 and the actual expenditures in each program from the annual  
33 report as provided in section 384.22, or as corrected by a  
34 subsequent audit report. Wherever practicable, as provided in  
35 rules of the committee, a budget must show comparisons between

1 the levels of service provided by each program as estimated for  
 2 the following year, and actual levels of service provided by  
 3 each program during the two preceding years. For each city  
 4 that has established an urban renewal area, the budget shall  
 5 include estimated and actual tax increment financing revenues  
 6 and all estimated and actual expenditures of the revenues,  
 7 proceeds from debt and all estimated and actual expenditures of  
 8 the debt proceeds, and identification of any entity receiving  
 9 a direct payment of taxes funded by tax increment financing  
 10 revenues and shall include the total amount of loans, advances,  
 11 indebtedness, or bonds outstanding at the close of the most  
 12 recently ended fiscal year, which qualify for payment from the  
 13 special fund created in section 403.19, including interest  
 14 negotiated on such loans, advances, indebtedness, or bonds.  
 15 The amount of loans, advances, indebtedness, or bonds shall  
 16 be listed in the aggregate for each city reporting. ~~The city~~  
 17 ~~finance committee, in consultation with the department of~~  
 18 ~~management and the legislative services agency, shall determine~~  
 19 ~~reporting criteria and shall prepare a form for reports filed~~  
 20 ~~with the department pursuant to this section. The department~~  
 21 ~~shall make the information available by electronic means.~~

22 Sec. 40. Section 384.19, Code 2011, is amended by adding the  
 23 following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. For purposes of a tax protest  
 25 filed under this section, "item" means a budgeted expenditure,  
 26 appropriation, or cash reserve from a fund for a service area,  
 27 program, program element, or purpose.

28 Sec. 41. Section 386.8, Code 2011, is amended to read as  
 29 follows:

30 **386.8 Operation tax.**

31 A city may establish a self-supported improvement district  
 32 operation fund, and may certify taxes not to exceed the  
 33 rate limitation as established in the ordinance creating the  
 34 district, or any amendment thereto, each year to be levied  
 35 for the fund against all of the property in the district,

1 for the purpose of paying the administrative expenses of  
2 the district, which may include but are not limited to  
3 administrative personnel salaries, a separate administrative  
4 office, planning costs including consultation fees, engineering  
5 fees, architectural fees, and legal fees and all other expenses  
6 reasonably associated with the administration of the district  
7 and the fulfilling of the purposes of the district. The taxes  
8 levied for this fund may also be used for the purpose of paying  
9 maintenance expenses of improvements or self-liquidating  
10 improvements for a specified length of time with one or more  
11 options to renew if such is clearly stated in the petition  
12 which requests the council to authorize construction of the  
13 improvement or self-liquidating improvement, whether or not  
14 such petition is combined with the petition requesting creation  
15 of a district. Parcels of property which are assessed as  
16 residential property for property tax purposes are exempt from  
17 the tax levied under this section except residential properties  
18 within a duly designated historic district. A tax levied under  
19 this section is not subject to the ~~levy~~ limitation in section  
20 384.1.

21     Sec. 42. Section 386.9, Code 2011, is amended to read as  
22 follows:

23     **386.9 Capital improvement tax.**

24     A city may establish a capital improvement fund for a  
25 district and may certify taxes, not to exceed the rate  
26 established by the ordinance creating the district, or any  
27 subsequent amendment thereto, each year to be levied for  
28 the fund against all of the property in the district, for  
29 the purpose of accumulating moneys for the financing or  
30 payment of a part or all of the costs of any improvement or  
31 self-liquidating improvement. However, parcels of property  
32 which are assessed as residential property for property tax  
33 purposes are exempt from the tax levied under this section  
34 except residential properties within a duly designated historic  
35 district. A tax levied under this section is not subject to

1 the ~~levy~~ limitations in section 384.1 or 384.7.

2 Sec. 43. REPEAL. Sections 331.425 and 331.426, Code 2011,  
3 are repealed.

4 Sec. 44. APPLICABILITY. This division of this Act applies  
5 to fiscal years beginning on or after July 1, 2013.

6 DIVISION V

7 BUSINESS PROPERTY TAX CREDIT

8 Sec. 45. Section 331.512, Code 2011, is amended by adding  
9 the following new subsection:

10 NEW SUBSECTION. 13B. Carry out duties relating to the  
11 business property tax credit as provided in chapter 426C.

12 Sec. 46. Section 331.559, Code 2011, is amended by adding  
13 the following new subsection:

14 NEW SUBSECTION. 14A. Carry out duties relating to the  
15 business property tax credit as provided in chapter 426C.

16 Sec. 47. NEW SECTION. 426C.1 Definitions.

17 For the purposes of this chapter, unless the context  
18 otherwise requires:

19 1. "*Contiguous parcels*" means any of the following:

20 a. Parcels that share a common boundary.

21 b. Parcels within the same building or structure regardless  
22 of whether the parcels share a common boundary.

23 c. Permanent improvements to the land that are situated  
24 on one or more parcels of land that are assessed and taxed  
25 separately from the permanent improvements if the parcels of  
26 land upon which the permanent improvements are situated share  
27 a common boundary.

28 2. "*Department*" means the department of revenue.

29 3. "*Fund*" means the business property tax credit fund  
30 created in section 426C.2.

31 4. "*Parcel*" means as defined in section 445.1.

32 5. "*Property unit*" means contiguous parcels all of which  
33 are located within the same county, with the same property tax  
34 classification, each of which contains permanent improvements,  
35 are owned by the same person, and are operated by that person

1 for a common use and purpose.

2     Sec. 48. NEW SECTION.   **426C.2 Business property tax credit**  
3 **fund — appropriation.**

4     1. A business property tax credit fund is created in the  
5 state treasury under the authority of the department. For  
6 the fiscal year beginning July 1, 2014, there is appropriated  
7 from the general fund of the state to the department to be  
8 credited to the fund, the sum of twenty-four million dollars  
9 to be used for business property tax credits authorized in  
10 this chapter. For the fiscal year beginning July 1, 2015,  
11 there is appropriated from the general fund of the state to the  
12 department to be credited to the fund, the sum of forty-eight  
13 million dollars. For the fiscal year beginning July 1, 2016,  
14 there is appropriated from the general fund of the state to the  
15 department to be credited to the fund, the sum of seventy-two  
16 million dollars. For the fiscal year beginning July 1, 2017,  
17 there is appropriated from the general fund of the state to the  
18 department to be credited to the fund, the sum of ninety-six  
19 million dollars. For the fiscal year beginning July 1, 2018,  
20 and each fiscal year thereafter, there is appropriated from the  
21 general fund of the state to the department to be credited to  
22 the fund, the sum of one hundred twenty million dollars.

23     2. Notwithstanding section 12C.7, subsection 2, interest or  
24 earnings on moneys deposited in the fund shall be credited to  
25 the fund. Moneys in the fund are not subject to the provisions  
26 of section 8.33 and shall not be transferred, used, obligated,  
27 appropriated, or otherwise encumbered except as provided in  
28 this chapter.

29     Sec. 49. NEW SECTION.   **426C.3 Claims for credit.**

30     1. Each person who wishes to claim the credit allowed  
31 under this chapter shall obtain the appropriate forms from the  
32 assessor and file the claim with the assessor. The director  
33 of revenue shall prescribe suitable forms and instructions for  
34 such claims, and make such forms and instructions available to  
35 the assessors.

1     2. *a.* Claims for the business property tax credit shall be  
2 filed not later than March 15 preceding the fiscal year during  
3 which the taxes for which the credit is claimed are due and  
4 payable.

5     *b.* A claim filed after the deadline for filing claims shall  
6 be considered as a claim for the following year.

7     3. Upon the filing of a claim and allowance of the credit,  
8 the credit shall be allowed on the parcel or property unit for  
9 successive years without further filing as long as the parcel  
10 or property unit satisfies the requirements for the credit. If  
11 the parcel or property unit owner ceases to qualify for the  
12 credit under this chapter, the owner shall provide written  
13 notice to the assessor by the date for filing claims specified  
14 in subsection 2 following the date on which the parcel or  
15 property unit ceases to qualify for the credit.

16     4. When all or a portion of a parcel or property unit that  
17 is allowed a credit under this chapter is sold, transferred,  
18 or ownership otherwise changes, the buyer, transferee, or  
19 new owner who wishes to receive the credit shall refile the  
20 claim for credit. In addition, when a portion of a parcel or  
21 property unit that is allowed a credit under this chapter is  
22 sold, transferred, or ownership otherwise changes, the owner of  
23 the portion of the parcel or property unit for which ownership  
24 did not change shall refile the claim for credit.

25     5. The assessor shall remit the claims for credit to the  
26 county auditor with the assessor's recommendation for allowance  
27 or disallowance. If the assessor recommends disallowance  
28 of a claim, the assessor shall submit the reasons for the  
29 recommendation, in writing, to the county auditor. The county  
30 auditor shall forward the claims to the board of supervisors.  
31 The board shall allow or disallow the claims.

32     6. For each claim and allowance of a credit for a property  
33 unit, the county auditor shall calculate the average of all  
34 consolidated levy rates applicable to the several parcels  
35 within the property unit. All claims for credit which have

1 been allowed by the board of supervisors, the actual value of  
2 the permanent improvements to such parcels and property units  
3 applicable to the fiscal year for which the credit is claimed  
4 that are subject to assessment and taxation prior to imposition  
5 of any applicable assessment limitation, the consolidated levy  
6 rates for such parcels and the average consolidated levy rates  
7 for such property units applicable to the fiscal year for which  
8 the credit is claimed, and the taxing districts in which the  
9 parcel or property unit is located, shall be certified on or  
10 before June 30, in each year, by the county auditor to the  
11 department.

12 7. The assessor shall maintain a permanent file of current  
13 business property tax credits. The assessor shall file a  
14 notice of transfer of property for which a credit has been  
15 allowed when notice is received from the office of the county  
16 recorder, from the person who sold or transferred the property,  
17 or from the personal representative of a deceased property  
18 owner. The county recorder shall give notice to the assessor  
19 of each transfer of title filed in the recorder's office. The  
20 notice from the county recorder shall describe the property  
21 transferred, the name of the person transferring title to the  
22 property, and the name of the person to whom title to the  
23 property has been transferred.

24 Sec. 50. NEW SECTION. 426C.4 Eligibility and amount of  
25 credit.

26 1. Each parcel classified and taxed as commercial property,  
27 industrial property, or railway property under chapter 434,  
28 and improved with permanent construction, is eligible for a  
29 credit under this chapter. A person may claim and receive one  
30 credit under this chapter for each eligible parcel unless the  
31 parcel is part of a property unit. A person may only claim and  
32 receive one credit under this chapter for each property unit.  
33 A credit approved for a property unit shall be allocated to the  
34 several parcels within the property unit in the proportion that  
35 each parcel's total amount of property taxes due and payable

1 attributable to the permanent improvements bears to the total  
2 amount of property taxes due and payable attributable to the  
3 permanent improvements for the property unit. Only property  
4 units comprised of commercial property, comprised of industrial  
5 property, or comprised of railway property under chapter 434  
6 are eligible for a credit under this chapter.

7     2. Using the actual value of the permanent improvements  
8 and the consolidated levy rate for each parcel or the average  
9 consolidated levy rate for each property unit, as certified  
10 by the county auditor to the department under section 426C.3,  
11 subsection 6, the department shall calculate, for each  
12 fiscal year, an initial amount of actual value of permanent  
13 improvements for use in determining the amount of the credit  
14 for each such parcel or property unit so as to provide the  
15 maximum possible credit according to the credit formula and  
16 limitations under subsection 3, and to provide a total dollar  
17 amount of credits against the taxes due and payable in the  
18 fiscal year equal to ninety-eight percent of the moneys in the  
19 fund following the deposit of the appropriation for the fiscal  
20 year.

21     3. *a.* The amount of the credit for each parcel or property  
22 unit for which a claim for credit under this chapter has been  
23 approved shall be calculated under paragraph "b" using the  
24 lesser of the initial amount of actual value of the permanent  
25 improvements determined by the department under subsection  
26 2, and the actual value of the permanent improvements to the  
27 parcel or property unit as certified by the county auditor  
28 under section 426C.3, subsection 6.

29     *b.* The amount of the credit for each parcel or property  
30 unit for which a claim for credit under this chapter has  
31 been approved shall be equal to the amount of actual value  
32 determined under paragraph "a" multiplied by the difference,  
33 stated as a percentage, between the assessment limitation  
34 applicable to the parcel or property unit under section 441.21,  
35 subsection 5, and the assessment limitation applicable to



1 residential property under section 441.21, subsection 4,  
2 divided by one thousand dollars, and then multiplied by the  
3 consolidated levy rate or average consolidated levy rate for  
4 one thousand dollars of taxable value applicable to the parcel  
5 or property unit for the fiscal year for which the credit  
6 is claimed as certified by the county auditor under section  
7 426C.3, subsection 6.

8     Sec. 51. NEW SECTION.   **426C.5 Payment to counties.**

9     1. Annually the department shall certify to the county  
10 auditor of each county the amounts of the business property  
11 tax credits allowed in the county. Each county auditor shall  
12 then enter the credits against the tax levied on each eligible  
13 parcel or property unit in the county, designating on the tax  
14 lists the credit as being from the fund. Each taxing district  
15 shall receive its share of the business property tax credit  
16 allowed on each eligible parcel or property unit in such taxing  
17 district, in the proportion that the levy made by such taxing  
18 district upon the parcel or property unit bears to the total  
19 levy upon the parcel or property unit by all taxing districts  
20 imposing a property tax in such taxing district. However, the  
21 several taxing districts shall not draw the moneys so credited  
22 until after the semiannual allocations have been received by  
23 the county treasurer, as provided in this section. Each county  
24 treasurer shall show on each tax receipt the amount of credit  
25 received from the fund.

26     2. The director of the department of administrative  
27 services shall issue warrants on the fund payable to the county  
28 treasurers of the several counties of the state under this  
29 chapter.

30     3. The amount due each county shall be paid in two payments  
31 on November 15 and March 15 of each fiscal year, drawn upon  
32 warrants payable to the respective county treasurers. The two  
33 payments shall be as nearly equal as possible.

34     Sec. 52. NEW SECTION.   **426C.6 Appeals.**

35     1. If the board of supervisors disallows a claim for credit

1 under section 426C.3, subsection 5, the board of supervisors  
2 shall send written notice, by mail, to the claimant at the  
3 claimant's last known address. The notice shall state the  
4 reasons for disallowing the claim for the credit. The board  
5 of supervisors is not required to send notice that a claim for  
6 credit is disallowed if the claimant voluntarily withdraws the  
7 claim. Any person whose claim is denied under the provisions  
8 of this chapter may appeal from the action of the board of  
9 supervisors to the district court of the county in which the  
10 parcel or property unit is located by giving written notice  
11 of such appeal to the county auditor within twenty days from  
12 the date of mailing of notice of such action by the board of  
13 supervisors.

14 2. If any claim for credit has been denied by the board  
15 of supervisors, and such action is subsequently reversed on  
16 appeal, the credit shall be allowed on the applicable parcel  
17 or property unit, and the director of revenue, the county  
18 auditor, and the county treasurer shall provide the credit and  
19 change their books and records accordingly. In the event the  
20 appealing taxpayer has paid one or both of the installments of  
21 the tax payable in the year or years in question, remittance  
22 shall be made to such taxpayer of the amount of such credit.  
23 The amount of such credit awarded on appeal shall be allocated  
24 and paid from the balance remaining in the fund.

25 Sec. 53. NEW SECTION. 426C.7 Audit — denial.

26 1. If on the audit of a credit provided under this chapter,  
27 the director of revenue determines the amount of the credit  
28 to have been incorrectly calculated or that the credit is  
29 not allowable, the director shall recalculate the credit and  
30 notify the taxpayer and the county auditor of the recalculation  
31 or denial and the reasons for it. The director shall not  
32 adjust a credit after three years from October 31 of the year  
33 in which the claim for the credit was filed. If the credit  
34 has been paid, the director shall give notification to the  
35 taxpayer, the county treasurer, and the applicable assessor

1 of the recalculation or denial of the credit and the county  
 2 treasurer shall proceed to collect the tax owed in the same  
 3 manner as other property taxes due and payable are collected,  
 4 if the parcel or property unit for which the credit was allowed  
 5 is still owned by the taxpayer. If the parcel or property unit  
 6 for which the credit was allowed is not owned by the taxpayer,  
 7 the amount may be recovered from the taxpayer by assessment in  
 8 the same manner that income taxes are assessed under sections  
 9 422.26 and 422.30. The amount of such erroneous credit, when  
 10 collected, shall be deposited in the fund.

11 2. The taxpayer or board of supervisors may appeal any  
 12 decision of the director of revenue to the state board of tax  
 13 review pursuant to section 421.1, subsection 5. The taxpayer,  
 14 the board of supervisors, or the director of revenue may seek  
 15 judicial review of the action of the state board of tax review  
 16 in accordance with chapter 17A.

17 Sec. 54. NEW SECTION. **426C.8 False claim — penalty.**

18 A person who makes a false claim for the purpose of obtaining  
 19 a credit provided for in this chapter or who knowingly receives  
 20 the credit without being legally entitled to it is guilty of a  
 21 fraudulent practice. The claim for a credit of such a person  
 22 shall be disallowed and if the credit has been paid the amount  
 23 shall be recovered in the manner provided in section 426C.7.  
 24 In such cases, the director of revenue shall send a notice of  
 25 disallowance of the credit.

26 Sec. 55. NEW SECTION. **426C.9 Rules.**

27 The director of revenue shall prescribe forms, instructions,  
 28 and rules pursuant to chapter 17A, as necessary, to carry out  
 29 the purposes of this chapter.

30 Sec. 56. **APPLICABILITY.** This division of this Act applies  
 31 to property taxes due and payable in fiscal years beginning on  
 32 or after July 1, 2014.

#### 33 DIVISION VI

#### 34 MULTIRESIDENTIAL PROPERTY CLASSIFICATION

35 Sec. 57. Section 404.2, subsection 2, paragraph f, Code

1 2011, is amended to read as follows:

2     *f.* A statement specifying whether the revitalization is  
 3 applicable to none, some, or all of the property assessed as  
 4 residential, multiresidential, agricultural, commercial, or  
 5 industrial property within the designated area or a combination  
 6 thereof and whether the revitalization is for rehabilitation  
 7 and additions to existing buildings or new construction or  
 8 both. If revitalization is made applicable only to some  
 9 property within an assessment classification, the definition of  
 10 that subset of eligible property must be by uniform criteria  
 11 which further some planning objective identified in the plan.  
 12 The city shall state how long it is estimated that the area  
 13 shall remain a designated revitalization area which time  
 14 shall be longer than one year from the date of designation  
 15 and shall state any plan by the city to issue revenue bonds  
 16 for revitalization projects within the area. For a county, a  
 17 revitalization area shall include only property which will be  
 18 used as industrial property, commercial property, ~~commercial~~  
 19 ~~property consisting of three or more separate living quarters~~  
 20 ~~with at least seventy-five percent of the space used for~~  
 21 ~~residential purposes,~~ multiresidential property, or residential  
 22 property. However, a county shall not provide a tax exemption  
 23 under this chapter to commercial property, ~~commercial property~~  
 24 ~~consisting of three or more separate living quarters with at~~  
 25 ~~least seventy-five percent of the space used for residential~~  
 26 ~~purposes,~~ multiresidential property, or residential property  
 27 which is located within the limits of a city.

28     Sec. 58. Section 404.3, subsection 4, Code 2011, is amended  
 29 to read as follows:

30     4. All qualified real estate assessed as residential  
 31 property or ~~assessed as commercial property, if the commercial~~  
 32 ~~property consists of three or more separate living quarters~~  
 33 ~~with at least seventy-five percent of the space used for~~  
 34 ~~residential purposes,~~ or assessed as multiresidential property  
 35 is eligible to receive a one hundred percent exemption from

1 taxation on the actual value added by the improvements. The  
2 exemption is for a period of ten years.

3 Sec. 59. Section 441.21, subsection 8, paragraph b, Code  
4 Supplement 2011, is amended to read as follows:

5 b. Notwithstanding paragraph "a", any construction or  
6 installation of a solar energy system on property classified  
7 as agricultural, residential, commercial, multiresidential, or  
8 industrial property shall not increase the actual, assessed,  
9 and taxable values of the property for five full assessment  
10 years.

11 Sec. 60. Section 441.21, subsections 9 and 10, Code  
12 Supplement 2011, are amended to read as follows:

13 9. Not later than November 1, 1979, and November 1 of each  
14 subsequent year, the director shall certify to the county  
15 auditor of each county the percentages of actual value at  
16 which residential property, agricultural property, commercial  
17 property, industrial property, multiresidential property,  
18 and property valued by the department of revenue pursuant  
19 to chapters 428, 433, 434, 437, and 438 in each assessing  
20 jurisdiction in the county shall be assessed for taxation. The  
21 county auditor shall proceed to determine the assessed values  
22 of agricultural property, residential property, commercial  
23 property, industrial property, multiresidential property,  
24 and property valued by the department of revenue pursuant  
25 to chapters 428, 433, 434, 437, and 438 by applying such  
26 percentages to the current actual value of such property,  
27 as reported to the county auditor by the assessor, and the  
28 assessed values so determined shall be the taxable values of  
29 such properties upon which the levy shall be made.

30 10. The percentage of actual value computed by the  
31 director for agricultural property, residential property,  
32 commercial property, industrial property, multiresidential  
33 property, and property valued by the department of revenue  
34 pursuant to chapters 428, 433, 434, 437, and 438 and used to  
35 determine assessed values of those classes of property does not

1 constitute a rule as defined in section 17A.2, subsection 11.

2     Sec. 61. Section 441.21, Code Supplement 2011, is amended by  
3 adding the following new subsection:

4     NEW SUBSECTION. 13. a. Beginning with valuations  
5 established on or after January 1, 2013, mobile home parks,  
6 manufactured home communities, land-leased communities,  
7 assisted living facilities, and that portion of a building  
8 that is used for human habitation and a proportionate share of  
9 the land upon which the building is situated, even if the use  
10 for human habitation is not the primary use of the building,  
11 and regardless of the number of dwelling units located in  
12 the building, and not otherwise classified as residential  
13 property, shall be valued as a separate class of property  
14 known as multiresidential property and, excluding properties  
15 referred to in section 427A.1, subsection 8, shall be assessed  
16 at a percentage of its actual value, as determined in this  
17 subsection. For valuations established for the assessment year  
18 beginning January 1, 2013, the percentage of actual value as  
19 equalized by the director of revenue as provided in section  
20 441.49 at which multiresidential property shall be assessed  
21 shall be ninety percent. For valuations established for the  
22 assessment year beginning January 1, 2014, the percentage  
23 of actual value as equalized by the director of revenue as  
24 provided in section 441.49 at which multiresidential property  
25 shall be assessed shall be eighty percent. For valuations  
26 established for the assessment year beginning January 1, 2015,  
27 the percentage of actual value as equalized by the director of  
28 revenue as provided in section 441.49 at which multiresidential  
29 property shall be assessed shall be seventy percent. For  
30 valuations established for the assessment year beginning  
31 January 1, 2016, the percentage of actual value as equalized by  
32 the director of revenue as provided in section 441.49 at which  
33 multiresidential property shall be assessed shall be sixty  
34 percent. For valuations established for the assessment year  
35 beginning January 1, 2017, and each assessment year thereafter,

1 the percentage of actual value as equalized by the director of  
2 revenue as provided in section 441.49 at which multiresidential  
3 property shall be assessed shall be equal to the percentage of  
4 actual value at which property assessed as residential property  
5 is assessed under subsection 4 for the same assessment year.

6     *b.* Accordingly, the assessor may assign more than one  
7 classification to a parcel of property that, in part, satisfies  
8 the requirements of this subsection. In no case, however,  
9 shall a hotel, motel, inn, or other building where rooms or  
10 dwelling units are usually rented for less than one month be  
11 classified as multiresidential property under this subsection.

12     *c.* As used in this subsection:

13         (1) "*Assisted living facility*" means property for providing  
14 assisted living as defined in section 231C.2.

15         (2) "*Dwelling unit*" means an apartment, group of rooms,  
16 or single room which is occupied as separate living quarters  
17 or, if vacant, is intended for occupancy as separate living  
18 quarters, in which a tenant can live and sleep separately from  
19 any other persons in the building.

20         (3) "*Land-leased community*" means the same as defined in  
21 sections 335.30A and 414.28A.

22         (4) "*Manufactured home community*" means the same as a  
23 land-leased community.

24         (5) "*Mobile home park*" means the same as defined in section  
25 435.1.

26     Sec. 62. Section 558.46, subsection 5, Code 2011, is amended  
27 to read as follows:

28     5. For the purposes of this section, "*residential property*"  
29 includes ~~commercial~~ multiresidential property as defined in  
30 section 441.21, subsection 13, consisting of three or more  
31 separate living quarters with at least seventy-five percent of  
32 the space used for residential purposes.

33     Sec. 63. APPLICABILITY. This division of this Act applies  
34 to assessment years beginning on or after January 1, 2013.

35

EXPLANATION

1     This bill relates to taxation and local government budgets  
2 by providing for an increase in the amount of the earned  
3 income tax credit, establishing and modifying property  
4 assessment limitations, providing for certain property tax  
5 replacement payments, modifying the assessment and taxation  
6 of telecommunications company property, establishing budget  
7 limitations for counties and cities, modifying certain  
8 reporting requirements, establishing a property tax credit  
9 for certain commercial, industrial, and railway property, and  
10 classifying certain property as multiresidential property.

11     Division I of the bill increases the amount of the state  
12 earned income tax credit. Currently, the credit is equal to  
13 7 percent of the amount of a taxpayer's federal earned income  
14 tax credit. The bill increases the amount of the credit to 10  
15 percent.

16     Division I of the bill applies retroactively to January 1,  
17 2012, for tax years beginning on or after that date.

18     Division II of the bill changes the property tax assessment  
19 limitation percentage for residential property and agricultural  
20 property from 4 percent to 3 percent for assessment years  
21 beginning on or after January 1, 2013.

22     Division II of the bill strikes the methodology in Code  
23 section 441.21(5) currently used to determine the percentage  
24 of actual value at which commercial property and industrial  
25 property are assessed for property tax purposes. The bill  
26 provides that for valuations established for the assessment  
27 year beginning January 1, 2013, the percentage of actual value  
28 at which commercial and industrial property are assessed is  
29 98 percent. For the assessment year beginning January 1,  
30 2014, the percentage of actual value at which commercial and  
31 industrial property are assessed is 96 percent. For the  
32 assessment year beginning January 1, 2015, the percentage of  
33 actual value at which commercial and industrial property are  
34 assessed is 94 percent. For the assessment year beginning  
35 January 1, 2016, the percentage of actual value at which



1 commercial and industrial property are assessed is 92 percent.  
2 For assessment years beginning on or after January 1, 2017, the  
3 percentage of actual value at which commercial and industrial  
4 property are assessed is 90 percent.

5 Division II of the bill also modifies the provision relating  
6 to the calculation of the assessment limitation for property  
7 valued by the department of revenue pursuant to Code chapters  
8 428, 433, 437, and 438 by specifying that for assessment years  
9 beginning on or after January 1, 2013, but before January 1,  
10 2019, such assessment limitation shall be calculated using  
11 property valuations for the applicable assessment years  
12 that include the total value of specified telecommunications  
13 company property exempted from taxation under new Code section  
14 433.4(2)(b), if enacted in division III of the bill.

15 Division II provides that for valuations established on  
16 or after January 1, 2013, property valued by the department  
17 of revenue pursuant to Code chapter 434 (railway property)  
18 is assessed at a percentage of its actual value equal to the  
19 percentage of actual value at which commercial property is  
20 assessed for the same assessment year.

21 Division II creates a commercial and industrial property tax  
22 replacement fund in new Code section 441.21A under the control  
23 of the department of revenue. For the fiscal year beginning  
24 July 1, 2014, there is appropriated from the general fund of  
25 the state to the department of revenue to be credited to the  
26 fund an amount necessary to pay all commercial and industrial  
27 property tax replacement claims for the fiscal year, not to  
28 exceed \$28 million. For the fiscal year beginning July 1,  
29 2015, there is appropriated from the general fund of the state  
30 to the department of revenue to be credited to the fund an  
31 amount necessary to pay all commercial and industrial property  
32 tax replacement claims for the fiscal year, not to exceed \$56  
33 million. For the fiscal year beginning July 1, 2016, there  
34 is appropriated from the general fund of the state to the  
35 department of revenue to be credited to the fund an amount

1 necessary to pay all commercial and industrial property tax  
2 replacement claims for the fiscal year, not to exceed \$84  
3 million. For the fiscal year beginning July 1, 2017, there  
4 is appropriated from the general fund of the state to the  
5 department of revenue to be credited to the fund an amount  
6 necessary to pay all commercial and industrial property tax  
7 replacement claims for the fiscal year, not to exceed \$112  
8 million. For the fiscal year beginning July 1, 2018, and each  
9 fiscal year thereafter, there is appropriated from the general  
10 fund of the state to the department of revenue to be credited  
11 to the fund an amount necessary to pay all commercial and  
12 industrial property tax replacement claims for the fiscal year,  
13 not to exceed \$140 million.

14 Division II provides that beginning with the fiscal year  
15 starting July 1, 2014, moneys appropriated to the commercial  
16 and industrial property tax replacement fund are for the  
17 payment of commercial and industrial property tax replacement  
18 claims. The bill provides that if an amount appropriated for  
19 a fiscal year is insufficient to pay all replacement claims,  
20 the director of revenue shall prorate the disbursements from  
21 the fund to the county treasurers and shall notify the county  
22 auditors of the pro rata percentage on or before September 30.  
23 Any unspent balance as of June 30 of each year shall revert to  
24 the general fund of the state as provided in Code section 8.33.

25 Division II requires the assessor to determine, on or  
26 before July 1 of each fiscal year beginning on or after July  
27 1, 2014, the total assessed value of all commercial property,  
28 industrial property, and property assessed by the department  
29 of revenue under Code chapter 434 (railway) for taxes due  
30 and payable in that fiscal year and the total assessed value  
31 of all such property assessed as of January 1, 2012, and to  
32 report those valuations to the county auditor. On or before  
33 September 1, the county auditor prepares a statement, based  
34 upon the report listing for each taxing district in the county  
35 the assessed values of such property located in the taxing

1 district for specified assessment years, the tax levy rate for  
2 each taxing district, and the property tax replacement claim  
3 for each taxing district. The replacement claim is equal to  
4 the difference between the assessed valuation of all such  
5 property located in the taxing district and assessed for the  
6 applicable assessment year and the total assessed value of all  
7 such property located in the taxing district and assessed as  
8 of January 1, 2012, multiplied by the tax rate specified for  
9 the taxing district. If the January 1, 2012, assessment amount  
10 is less, there is no replacement claim for the taxing district  
11 for that year.

12 Replacement claims are paid to each county treasurer in  
13 equal installments in September and March of each year. The  
14 county treasurer apportions the replacement claim payments  
15 among the eligible taxing districts in the county.

16 Division II of the bill defines a tax increment financing  
17 district in an urban renewal area as a taxing district for  
18 purposes of allocation of replacement moneys and provides for  
19 the method of allocation in those districts.

20 Division II, pursuant to Code section 4.13, does not affect  
21 the application of prior provisions of Code section 441.21 to  
22 assessment years beginning before January 1, 2013.

23 Division II of the bill applies to assessment years  
24 beginning on or after January 1, 2013.

25 Division III of the bill relates to the manner in which the  
26 property of telecommunications companies is assessed and taxed.

27 The assessment provisions of current Code section  
28 433.4 provide that in ascertaining the actual value of  
29 telecommunications company property the director of revenue  
30 shall include all property of every kind and character  
31 whatsoever, real, personal, or mixed, used by the company in  
32 the transaction of telegraph and telephone business.

33 Division III of the bill strikes the provisions that  
34 included all kinds and character of property in the  
35 determination of actual value of a company's property.

1 Instead, the bill provides that for assessment years beginning  
2 on or after January 1, 2013, a company's property, excluding  
3 central office equipment, transmission equipment, qualified  
4 telephone company property, and intangible property, all  
5 as defined in the bill, shall be subject to assessment and  
6 taxation under Code chapter 433 by the director of revenue in  
7 the same manner as property assessed and taxed as commercial  
8 property. The bill provides, however, that for assessment  
9 years beginning on or after January 1, 2013, but before January  
10 1, 2018, the director of revenue shall include as part of the  
11 actual value so determined for that assessment year a specified  
12 amount of actual value of the company's qualified telephone  
13 company property. The bill defines "qualified telephone  
14 company property" as telephone wire, telephone cable, fiber  
15 optic cable, conduit systems, poles, or other equipment owned  
16 or leased by a company and used by the company to transmit  
17 sound or data.

18 Division III of the bill strikes a provision in Code section  
19 476.1D that allowed certain specified long-distance telephone  
20 company property to be assessed for taxation as commercial  
21 property by the local assessor.

22 Except for the section of division III of the bill amending  
23 Code section 476.1D, division III of the bill takes effect  
24 July 1, 2012, and applies to assessment years beginning on or  
25 after January 1, 2013. The section of division III of the bill  
26 amending Code section 476.1D takes effect July 1, 2017, and  
27 applies to assessment years beginning on or after January 1,  
28 2018.

29 Division III of the bill provides that the provisions in  
30 Code section 25B.7, relating to the obligation of the state  
31 to reimburse local jurisdictions for property tax credits and  
32 exemptions, does not apply to the exemption in division III of  
33 the bill.

34 Division III, pursuant to Code section 4.13, does not  
35 affect the application of Code chapter 433 to assessment years

1 beginning before January 1, 2013.

2 Division IV of the bill removes the property tax levy rate  
3 limitations on the general and rural funds for counties and on  
4 the general fund for cities and substitutes a limitation on the  
5 maximum amount of property tax dollars that may be certified  
6 for expenditure by a county or city for fiscal years beginning  
7 on or after July 1, 2013. For the fiscal year beginning July  
8 1, 2013, and subsequent fiscal years, the maximum amount of  
9 property tax dollars which may be certified for levy shall be  
10 an amount equal to the sum of the current fiscal year's total  
11 property tax dollars certified by the county multiplied by the  
12 annual growth factor, as defined in the bill, and the amount of  
13 net new valuation taxes, as defined in the bill.

14 Division IV also allows counties and cities to certify  
15 additions to the maximum amount of property tax dollars to be  
16 levied for a period of time not to exceed two years if the  
17 proposition has been approved at a special election. The bill  
18 specifies the notice and election requirements for such a  
19 proposition. The bill specifies that such amounts approved at  
20 special election are not to be included in the computation of  
21 the maximum amount of property tax dollars for future budget  
22 years.

23 Division IV of the bill specifies certain requirements  
24 for ending fund balances for counties and cities. The bill  
25 provides that budgeted ending fund balances in certain  
26 specified funds for a budget year in excess of 25 percent  
27 of budgeted expenditures shall be explicitly reserved or  
28 designated for a specific purpose.

29 Under the bill, counties and cities are encouraged, but not  
30 required, to reduce ending fund balances for the budget year  
31 to an amount equal to approximately 25 percent of budgeted  
32 expenditures and certain transfers for that budget year  
33 unless a decision is certified by the state appeal board  
34 ordering a reduction in the ending fund balance of any of those  
35 funds. The county or city, as applicable, has the burden of

1 proving that the budgeted balances in excess of 25 percent  
2 are reasonably likely to be appropriated for the explicitly  
3 reserved or designated specific purpose.

4 Division IV of the bill also allows for additional property  
5 taxes to be levied in certain fiscal years for those counties  
6 or cities that have, as of June 30, 2012, reduced their  
7 actual ending fund balance to less than 25 percent of actual  
8 expenditures. Such additional property tax dollars authorized  
9 but not levied may be carried forward as unused ending  
10 fund balance taxing authority until and for the fiscal year  
11 beginning July 1, 2018. However, the amount carried forward  
12 shall not exceed 25 percent of the maximum amount of property  
13 tax dollars available in the current fiscal year. The amount  
14 of such additional property taxes levied shall not, however, be  
15 included in the computation of the maximum amount of property  
16 tax dollars which may be certified and levied in future budget  
17 years.

18 Division IV also makes conforming amendments to other  
19 provisions of the Code.

20 Division IV strikes language relating to the duties of the  
21 county finance committee and the city finance committee to  
22 determine criteria for reporting of certain indebtedness and  
23 strikes language requiring the department of management to make  
24 such information available by electronic means.

25 Division IV applies to fiscal years beginning on or after  
26 July 1, 2013.

27 Division V of the bill creates a business property tax credit  
28 under new Code chapter 426C for property taxes due and payable  
29 in fiscal years beginning on or after July 1, 2014.

30 Division V of the bill establishes a business property  
31 tax credit fund. For the fiscal year beginning July 1,  
32 2014, the bill appropriates from the general fund of the  
33 state to the department of revenue for deposit in the fund,  
34 \$24 million. For the fiscal year beginning July 1, 2015,  
35 the bill appropriates from the general fund of the state

1 to the department of revenue for deposit in the fund, \$48  
2 million. For the fiscal year beginning July 1, 2016, the  
3 bill appropriates from the general fund of the state to  
4 the department of revenue to be credited to the fund, \$72  
5 million. For the fiscal year beginning July 1, 2017, the  
6 bill appropriates from the general fund of the state to the  
7 department of revenue to be credited to the fund, \$96 million.  
8 For the fiscal year beginning July 1, 2018, and each fiscal  
9 year thereafter, the bill appropriates from the general fund  
10 of the state to the department of revenue to be credited to the  
11 fund, \$120 million. Under the bill, interest or earnings on  
12 moneys deposited in the fund are credited to the fund, moneys  
13 in the fund are not subject to the provisions of Code section  
14 8.33, and moneys in the fund shall not be transferred, used,  
15 obligated, appropriated, or otherwise encumbered except as  
16 provided in new Code chapter 426C.

17 Division V of the bill provides that each person who wishes  
18 to claim a business property tax credit shall obtain the  
19 appropriate forms from the assessor and file the claim with the  
20 assessor. The director of revenue is required to prescribe  
21 suitable forms and instructions for such claims, and make  
22 such forms and instructions available to the assessors. The  
23 assessor is required to remit the claims for credit to the  
24 county auditor with the assessor's recommendation for allowance  
25 or disallowance. If the assessor recommends disallowance  
26 of a claim, the assessor shall submit the reasons for the  
27 recommendation, in writing, to the county auditor. The county  
28 auditor then forwards the claims to the board of supervisors.  
29 The board is required to allow or disallow the claims. If  
30 the board of supervisors disallows a claim for a credit, the  
31 board of supervisors is required to send written notice, by  
32 mail, to the claimant and the notice must state the reasons for  
33 disallowing the claim for the credit. Any person whose claim  
34 for credit is denied may appeal from the action of the board of  
35 supervisors to the district court of the county in which the

1 parcel or property unit is located.

2 Claims for the business property tax credit must be filed  
3 not later than March 15 preceding the fiscal year during which  
4 the property taxes for which the credit is claimed are due and  
5 payable.

6 Upon the filing of a claim and allowance of a business  
7 property tax credit, the credit is allowed on the parcel or  
8 property unit for successive years without further filing as  
9 long as the parcel or property unit satisfies the requirements  
10 for the credit. The owner is required to provide written  
11 notice to the assessor when the parcel or property unit ceases  
12 to qualify for the credit. The bill requires the assessor to  
13 maintain a permanent file of current credits and also specifies  
14 certain requirements for parcel or property unit owners,  
15 assessors, and county recorders when all or a portion of such  
16 parcels or property units are sold, transferred, or ownership  
17 otherwise changes.

18 Under division V of the bill, each parcel classified and  
19 taxed as commercial property, industrial property, or railway  
20 property under Code chapter 434, and improved with permanent  
21 construction, is eligible for a business property tax credit.  
22 A person may claim and receive one credit for each eligible  
23 parcel unless the parcel is part of a property unit. The  
24 bill defines "property unit" to mean contiguous parcels  
25 located within the same county, with the same property tax  
26 classification, each containing permanent improvements, owned  
27 by the same person, and operated by that person for a common  
28 use and purpose. A person may only claim and receive one  
29 tax credit for each property unit. A credit approved for a  
30 property unit is allocated to the several parcels within the  
31 property unit in the proportion that each parcel's property tax  
32 liability on permanent improvements bears to the total property  
33 tax liability on permanent improvements for the property unit.  
34 Only those property units comprised of commercial property,  
35 comprised of industrial property, or comprised of railway



1 property under Code chapter 434 are eligible for a credit.

2 Division V of the bill provides that all claims for credit  
3 which have been allowed, the actual value of the permanent  
4 improvements to the applicable parcels and property units that  
5 are subject to assessment and taxation, the consolidated levy  
6 rates or average consolidated levy rates for such parcels and  
7 property units applicable to the fiscal year for which the  
8 credit is claimed, and the taxing districts in which each  
9 parcel or property unit is located, shall be certified on or  
10 before June 30, in each year, by the county auditor to the  
11 department of revenue.

12 Division V of the bill provides that using the actual value  
13 of the permanent improvements and the consolidated levy rate  
14 or average consolidated levy rate for each parcel or property  
15 unit, as certified by the county auditor, the department  
16 is required to calculate, for each fiscal year, an initial  
17 amount of actual value of permanent improvements for use  
18 in determining the amount of the credit for each approved  
19 parcel or property unit so as to provide the maximum possible  
20 credit according to the credit formula and limitations in the  
21 bill, and to provide a total dollar amount of credits in the  
22 fiscal year equal to 98 percent of the moneys in the business  
23 property tax credit fund following the deposit of the total  
24 appropriation for the fiscal year.

25 The credit for each parcel or property unit for which a  
26 claim for a business property tax credit has been approved  
27 is calculated using the lesser of the initial amount of  
28 actual value of the permanent improvements determined by  
29 the department for the fiscal year and the actual value of  
30 permanent improvements to the parcel or property unit as  
31 certified to the department of revenue. The amount of the  
32 credit for each parcel or property unit is then calculated by  
33 multiplying the lesser amount of actual value, so determined,  
34 by the difference, stated as a percentage, between the  
35 assessment limitation applicable to the parcel or property

1 unit under Code section 441.21(5) (commercial, industrial, and  
2 railway property tax rollback) and the assessment limitation  
3 applicable to residential property under Code section 441.21(4)  
4 (residential property tax rollback), divided by \$1,000, and  
5 then multiplied by the consolidated levy rate or average  
6 consolidated levy rate for \$1,000 of taxable value applicable  
7 to the parcel or property unit for the fiscal year for which  
8 the credit is claimed.

9 Division V of the bill specifies the procedures for the  
10 payment of the amount of the business property tax credits  
11 to the county treasurers and the resulting apportionment to  
12 the applicable taxing districts. The bill also specifies the  
13 requirements and procedures for an appeal of a denial of a  
14 claim for credit, specifies the requirements and procedures  
15 for an audit of a business property tax credit allowed, and  
16 specifies requirements relating to the collection of property  
17 taxes due as the result of an incorrectly calculated or  
18 improperly approved credit.

19 Division V of the bill provides that a person who makes a  
20 false claim for the purpose of obtaining a business property  
21 tax credit or who knowingly receives the credit without being  
22 legally entitled to it is guilty of a fraudulent practice and  
23 is subject to a criminal penalty.

24 Division V of the bill requires the director of revenue  
25 to prescribe forms, instructions, and rules pursuant to Code  
26 chapter 17A, as necessary, to carry out the purposes of new  
27 Code chapter 426C.

28 Division V of the bill applies to property taxes due and  
29 payable in fiscal years beginning on or after July 1, 2014.

30 Division VI of the bill provides that beginning with  
31 valuations established for property tax purposes on or  
32 after January 1, 2013, mobile home parks, manufactured  
33 home communities, land-leased communities, assisted living  
34 facilities, and that portion of a building that is used for  
35 human habitation and a proportionate share of the land upon

1 which the building is situated, even if the use for human  
2 habitation is not the primary use of the building or structure,  
3 and regardless of the number of dwelling units located in  
4 the building, and not otherwise classified as residential  
5 property, shall be valued as a separate class of property known  
6 as multiresidential property. For valuations established for  
7 the assessment year beginning January 1, 2013, the percentage  
8 of actual value at which multiresidential property shall be  
9 assessed shall be 90 percent. For valuations established for  
10 the assessment year beginning January 1, 2014, the percentage  
11 of actual value at which multiresidential property shall be  
12 assessed shall be 80 percent. For valuations established for  
13 the assessment year beginning January 1, 2015, the percentage  
14 of actual value at which multiresidential property shall be  
15 assessed shall be 70 percent. For valuations established for  
16 the assessment year beginning January 1, 2016, the percentage  
17 of actual value at which multiresidential property shall be  
18 assessed shall be 60 percent. For valuations established  
19 for the assessment year beginning January 1, 2017, and each  
20 assessment year thereafter, the percentage of actual value  
21 at which multiresidential property shall be assessed shall  
22 be equal to the percentage of actual value at which property  
23 assessed as residential property is assessed for the same  
24 assessment year. An assessor may assign more than one  
25 classification to a parcel of property. The bill provides,  
26 however, that a hotel, motel, inn, or other building where  
27 rooms or dwelling units are usually rented for less than one  
28 month shall not be classified as multiresidential property.

29 Division VI of the bill makes changes to Iowa Code chapters  
30 404, 441, and 558 to correspond to the establishment of the  
31 multiresidential property classification for property tax  
32 purposes.

33 Division VI of the bill applies to assessment years  
34 beginning on or after January 1, 2013.